

THE
PARLIAMENTARY DEBATES

OFFICIAL REPORT.

IN THE
THIRD SESSION OF THE THIRTY-FOURTH PARLIAMENT OF THE
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND.

EIGHTEENTH YEAR OF THE REIGN OF
HIS MAJESTY KING GEORGE V.

FIFTH SERIES—VOLUME 208.

SEVENTH VOLUME OF SESSION 1927.

HOUSE OF COMMONS.

Monday, 27th June, 1927.

*The House met at a Quarter before
Three of the Clock, Mr. SPEAKER in the
Chair.*

PRIVATE BUSINESS.

London County Council (General Powers)
Bill,

Southern Railway Bill,

Lords Amendments considered, and
agreed to.

Aberdeen Urban District Council Bill
[Lords],

As amended, considered; to be read
the Third time.

Fleetwood Urban District Council Bill
[Lords],

Read a Second time, and committed.

West Cheshire Water Board Bill [Lords],

To be read a Second time upon
Wednesday.

Wallasey Corporation Bill [Lords] (by
Order),

Second Reading deferred till Wednesday.

ORAL ANSWERS TO QUESTIONS.

INDIA.

CURRENCY.

2. Sir FREDRIC WISE asked the Under-Secretary of State for India whether in spite of the amount of deflation in the Indian currency of approximately £10,000,000 from 31st March to 15th June 1927, he can state the estimated amount it will still be necessary to deflate in the next three months so that the market rate of exchange will be nearer the official rate?

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): No, Sir. The action of the currency authority in regard to expansion or contraction of the currency depends in India, as elsewhere, on developments that cannot be predicted. It cannot, therefore, be assumed that there will necessarily be any further contraction of currency in India during the next three months.

Sir F. WISE: Does my Noble Friend realise that the market rate has not reached the official rate up to the present time?

Earl WINTERTON: Yes, Sir.

SUGAR INDUSTRY (RESEARCH).

3. Mr. KELLY asked the Under-Secretary of State for India whether he is

[Mr. Kelly.]

aware that in 1925-26 India imported 738,224 tons of refined sugar as against 670,965 tons in the preceding year; and whether it is proposed to set up a sugar research institute with a view to expanding the production and refining of sugar in India in order to make India self-supporting in this direction?

Earl WINTERTON: The answer to the first part of the question is in the affirmative. A scheme for the establishment of a sugar research institute was laid before the Government of India some years ago. The Government of India intimated last year that they did not know when they would be in a position to give effect to the scheme, which involved a heavy outlay.

Mr. KELLY: Is the Department here in touch with India, to see whether this matter is being proceeded with, even in face of the heavy outlay?

Earl WINTERTON: That is really a matter for the Government of India. The hon. Gentleman is probably not aware that a great deal is being done now to increase the production of sugar in India, and also to improve the quality of the sugar grown.

BUNGALOWS, MANDAPAM HEALTH RESORT (INDIANS).

4. **Mr. KELLY** asked the Under-Secretary of State for India whether he is aware that Mr. V. S. Subramaniya Iyer was at the Mandapam health resort refused permission by the station master to occupy part of one of the two bungalows at that place, in spite of the fact that advertisements were displayed asking the public to travel to that health centre at cheap return rates; that Mr. Iyer was informed that the bungalows were meant only for Europeans and Americans and were not available for Indians; and whether any steps are being taken, or are contemplated, to deal with this racial discrimination?

Earl WINTERTON: I have no information as to the occurrence of any such incident.

Mr. KELLY: Will the Noble Lord make some inquiry regarding this discrimination?

Earl WINTERTON: No, Sir; it is not a matter for the Secretary of State, but is purely a matter, if it occurs, for the local authorities.

DETENUS, BENGAL.

5. **Mr. THURTELL** asked the Under-Secretary of State for India if his Department is in possession of the name of the terrorist organisation with which the prisoners detained under the Bengal Criminal Ordinance Act and Regulation 111 of 1918 are said to have been connected?

Earl WINTERTON: Yes, Sir.

6. **Mr. THURTELL** asked the Under-Secretary of State for India whether he is aware that the Bengal Gaols Inquiry Committee recommended that the political prisoners should be removed from gaols altogether; and whether it is proposed that separate gaols should be constructed for them, or what action it is proposed to take in the matter?

Earl WINTERTON: The Committee recommended, from the point of view of their inquiry, that detenus should be removed from gaols altogether, though they specified other alternative arrangements. The interval since their Report was made has been too short to enable me to say what action is proposed to be taken.

Lieut.-Colonel HOWARD-BURY: Is my Noble Friend aware that in the same Report it is stated that these political prisoners are allowed to play badminton and tennis, and enjoy amenities that are not granted to other prisoners, and has not such special treatment a very demoralising effect on the other prisoners?

Earl WINTERTON: I am aware that the Committee reported that the conditions under which these detenus are kept in ordinary gaols are demoralising to the other prisoners, and for that reason they recommended that they should be removed elsewhere.

PORT TRUST SERVICE.

7. **Mr. THURTELL** asked the Under-Secretary of State for India whether any steps have been taken, or are in contemplation, to carry out the resolution moved in the Council of State in 1922 by Sir P. C. Sethna, and accepted by the

Government of India, regarding the Indianisation of the higher grades of the Port Trust Service?

Earl WINTERTON: My Noble Friend has no information on the subject.

ARMY CLOTHING FACTORY, MADRAS.

8. **Mr. W. BAKER** asked the Under-Secretary of State for India whether it is the intention of the Government of India to abolish the Army clothing department at Madras and to hand the work over to private contractors; and whether he will ascertain the reason for the wholesale dismissals from that department at the beginning of June?

Earl WINTERTON: The Administration Report of the Ordnance and Clothing Factories for 1924-1925 contained a recommendation that the clothing factory at Madras should be closed. I am not aware that wholesale dismissals have taken place, but if the hon. Member wishes I will make inquiry.

POSTAL SERVICES.

9. **Mr. W. BAKER** asked the Under-Secretary of State for India whether he can give particulars of the representations made to the Government of India by the All-India Postal Union, Madras Circle; whether he will state the present starting pay of postmen, overseers, sorters, head postmen, and departmental branch postmasters, and the leave and pension rules applicable to the men in the lower grades of the postal services; and whether the Government of India intend to introduce a uniform scale of pay for postmen for the whole of India and Burma, with suitable local allowances?

Earl WINTERTON: No, Sir. The conditions of service of these grades are within the discretion of the Government of India, and my Noble Friend is not disposed to call for any report on the matter from them.

INDIA HOUSE, LONDON.

13. **Colonel DAY** asked the Under-Secretary of State for India when it is anticipated that the new India House in London will be completed?

Earl WINTERTON: I would refer the hon. Member to the reply I gave on the 9th May to the hon. Member for Rochdale (Mr. Kelly).

Colonel DAY: Has work been started on this building?

Earl WINTERTON: The hon. Member asks in his question when the work will be finished. That question I answered on the 9th May.

Colonel DAY: Can the Noble Lord say whether work has been started?

Earl WINTERTON: Perhaps the hon. Member will put down another question as to that.

MERCANTILE MARINE.

14. **Mr. WALLHEAD** asked the Under-Secretary of State for India whether he is aware of the desire in India for the creation of an Indian Mercantile Marine; whether the Government of India and the Secretary of State have considered the Report of the Mercantile Marine Committee; and whether it is proposed to take any action on that Report?

Earl WINTERTON: The answer to the first two parts of the question is in the affirmative. It has been decided to establish a training ship at Karachi. The training ship is expected to be in working order in September next.

FOREST DEPARTMENT.

15. **Mr. WALLHEAD** asked the Under-Secretary of State for India whether he is aware that the net profits from the working of forest departments in India in 1924-25 was Rs.21,400,000, showing a yield from forests of about 2 annas per acre; that about one-fifth of British India, approximating to 250,000 square miles, is covered by forests, but of this only about 100,000 square miles are under intensive management; that it has been calculated that if by proper development the yield was increased, as it can be, to Rs.3 per acre the total income would amount to about Rs.400,000,000 per annum; and, in view of the fact that, with the exception of Bombay and Burma, forests are a reserved subject, any steps are being taken, or are proposed to be taken, to develop this source of income for India?

Earl WINTERTON: The answer to the first two parts of the question is in the affirmative. The calculation in the third part of the question has been brought to my notice before. The steps that have been and are being taken to develop this

[Earl Winterton.]

source of revenue for India are described on pages 261 to 265 of the Report on the Moral and Material Progress of India during 1925-26. As the hon. Member is no doubt aware the progress in forest development is necessarily slow and the authorities who look forward to a revenue of Rs.400,000,000 no doubt recognise that many years' work will be required before this result can be attained. The revenue has nearly doubled since 1913-14.

KHYBER PASS (TRIBAL UNREST).

1. **Sir ROBERT THOMAS** asked the Under-Secretary of State for India whether he has any statement to make regarding the unrest in the Khyber Pass district?

Earl WINTERTON: The only tribal unrest in the neighbourhood of the Khyber Pass calling for any special notice recently has been in the Mohmand country, where early in June a force of hostile Mohmands attacked clans friendly to Government and threatened an incursion into British India. The Government of India took defensive measures in the shape of bombing operations, which were entirely successful in dispersing the hostile tribesmen, and it was reported a day or two later that the situation was now practically normal. No importance other than local is attached to the disturbances.

CROWN COLONIES (COMMERCIAL AVIATION).

16. **Mr. HAYDAY** asked the Secretary of State for the Colonies what concession has been granted to private companies to operate commercial aircraft in the Crown Colonies?

The UNDER-SECRETARY of STATE for the COLONIES (Mr. Ormsby-Gore): No private company has at present any concession for operating commercial aircraft in any non-self-governing Colony.

TRADE AND COMMERCE.

EMPIRE MARKETING BOARD (GRANTS).

19. **Lieut.-Colonel HENEAGE** asked the Secretary of State for the Colonies what sum has been allotted from the £1,000,000 grant to the Empire Marketing Board to the marketing of British barley?

Mr. ORMSBY-GORE: No grant has been specifically made in regard to the marketing of British barley, but I am informed that the Ministry of Agriculture and Fisheries is conducting an investigation into the marketing of cereals, as part of the work now being carried out with the aid of the grant of £40,000 a year which has been made to the Ministry by the Empire Marketing Board.

Lieut.-Colonel HENEAGE: Is my right hon. Friend aware that the British grower of barley is the hardest hit of almost any arable producer, and will he do what he can to assist him to find fresh markets, if possible?

Mr. ORMSBY-GORE: I think that if my hon. and gallant Friend will put a question of that kind to the Ministry of Agriculture and Fisheries it will be easier. The Marketing Board only make grants when the matter is put up to them through the appropriate Department. Any case for the improvement of the marketing of a particular home product would come to us through the Ministry of Agriculture.

Captain CROOKSHANK: Is it the policy of the Board to make specific grants for specific commodities, or is it merely general?

Mr. ORMSBY-GORE: In the main, it is general.

20. **Lieut.-Commander KENWORTHY** asked the Secretary of State for the Colonies, in connection with the grant of £1,000,000 to the Empire Marketing Board, what sum has been allocated to protect the interests of home producers in England and the direction in which this sum is being spent; and how much money has been allocated for the assistance or fostering of British deep-sea fishing?

Mr. ORMSBY-GORE: A grant of £40,000 per annum has been made available from the Empire Marketing Fund for the improvement and development of the marketing of home agricultural products in England and Wales. This grant is being administered on behalf of the Board by the Ministry of Agriculture and Fisheries. The Ministry's programme of work includes the investigation of marketing conditions, the publication of reports on marketing, and the practical

demonstration of improved methods of packing, grading, etc. Demonstrations on these lines are being given in the present summer at a number of agricultural shows in various parts of the country. The Ministry has also made grants for such purposes as the standardisation of cheese and the development of grading and packing stations for fruit and vegetables. With regard to the last part of the question, the Board has undertaken to contribute a sum not exceeding £1,500 during the current year towards the cost of experiments carried out by the Department of Scientific and Industrial Research into the long-distance transport of fish. The Imperial Economic Committee is at present investigating fishery problems, and the Board awaits the issue of its Report and recommendations before making any further grants.

Lieut. - Commander KENWORTHY: Does the right hon. Gentleman consider that £1,500 is a suitable amount, out of £1,000,000, for one of our great industries, namely, deep-sea fishing?

Mr. ORMSBY-GORE: Oh no, I do not wish to be taken as saying that at all. As the hon. and gallant Member is aware, the Board, before doing anything in this matter, must be advised by the Imperial Economic Committee. The Imperial Economic Committee has in hand an *ad hoc* investigation into Empire fish as a whole—Canadian fish, British fish, and all the rest; and when we get their Report as to what assistance can best be given, and all the data, we shall be in a position to consider what grant may be desirable.

Sir ALEXANDER SPROT: Will any part of this grant be spent in Scotland?

Mr. ORMSBY-GORE: The Department of Scientific and Industrial Research covers the whole of Great Britain. This is a question more particularly in regard to the long-distance transport of fish, which is a very difficult problem, and, if it is solved in the case of England, it will be solved in the case of Scotland.

Mr. HARRIS: Will the right hon. Gentleman endeavour to see that the same amount of money is spent in advertising British products as in advertising Colonial products, as the money is found by the British taxpayer?

Mr. ORMSBY-GORE: From the very first the Empire Marketing Board has made it clear that Great Britain is within the Empire.

Mr. R. MORRISON: Can the right hon. Gentleman give a definition of what is Empire fish, as distinct from other fish?

23. Captain AUSTIN HUDSON asked the Secretary of State for the Colonies whether he is aware that the advertisement hoardings of the Empire Marketing Board have been placed in parks, commons and open spaces in London; that these boards spoil the appearance of these green places and interfere with the enjoyment of them; and whether he will take steps to have them removed to more suitable sites?

Mr. ORMSBY-GORE: The reply to the first part of the question is in the affirmative, and I should like to take this opportunity of saying how grateful I am to my Noble Friend the First Commissioner of Works and the various local authorities who have assisted the Empire Marketing Board by giving permission for the display of their posters where ordinary advertisements would not be allowed. In reply to the second and third parts of the question, I believe the House will agree with me, that the display, on specially designed frames, of these posters by leading British artists, does not spoil the appearance or interfere with the enjoyment of the open spaces where they are exhibited. No site of this description is selected in any part of the country without the fullest consultation with and the prior concurrence of the authority within whose jurisdiction the site lies. But I need hardly add that if in any case it is found that there exists a substantial and well-founded complaint that any of the Board's special hoardings are interfering with the public enjoyment, the matter will be very carefully considered and steps taken to secure an alternative site.

Captain HUDSON: Is the right hon. Gentleman aware that one of these boards has been put in the middle of Clapton Common?

Mr. ORMSBY-GORE: I shall be very glad to receive any representations from the Clapton authorities in the matter.

Colonel DAY: How many of these boards are put up?

Mr. ORMSBY-GORE: I think about 500 are put up and altogether there are to be 700.

Lieut. - Commander KENWORTHY: Does the right hon. Gentleman know that what is everybody's business is nobody's business, and he is not likely to get complaints though the public eye may be offended?

Mr. ORMSBY-GORE: We make it perfectly clear before any of these boards are put up that the local authority who is responsible for what should or should not be accepted in any open space is consulted and its concurrence obtained.

Sir HARRY BRITTAIN: Is it not a fact that these designs are artistic and have created the greatest interest wherever they have been put up?

Mr. ORMSBY-GORE: We are not only encouraging marketing, but also employing first-rate British artists.

EMPIRE BRANDY.

25. Mr. H. WILLIAMS asked the Parliamentary Secretary to the Overseas Trade Department the amount of brandy produced during each of the last five years in Palestine, Australia and the Union of South Africa; and whether these countries impose any restrictions as to maturity before brandy can be exported?

Mr. ORMSBY-GORE: I have been asked to answer this question. I regret that the information at my disposal does not enable me to state the amount of brandy produced in the countries in question but only the amount of locally produced brandy exported from those countries. I will circulate the figures in the OFFICIAL REPORT. In reply to the last part of the question, Section 12 of the Spirits Act, 1906, of the Commonwealth of Australia provides that no spirits distilled in Australia may be delivered from the control of the Customs unless they have been matured in wood for a period of not less than two years. In the Union of South Africa a maturity of three years is required by Customs regulation. I regret that I have no information as to the provisions, if any, which are in force on this point in Palestine.

Mr. HARRIS: Does this Empire Marketing Board propose to ask people to drink Empire brandy, and, if so, can they guarantee its quality?

Mr. ORMSBY-GORE: The Empire Marketing Board does not aim at advertising specific commodities but, generally speaking, it would be to the advantage of this country and of our overseas possessions if people would consume British Empire wines, and brandy would be included under that heading.

Mr. WILLIAMS: Is the hon. Gentleman aware whether Empire brandy is sold in the bars of the House of Commons?

Following are the figures:—

Export of brandy (domestic produce only) from the Commonwealth of Australia, the Union of South Africa and Palestine.

Commonwealth of Australia:

Year.	Gallons.
1921-1922	1,420
1922-1923	1,319
1923-1924	453
1924-1925	410
1925-1926	411

Union of South Africa:

Year.	Gallons.
1922	1,347
1923	761
1924	788
1925	3,151
1926	1,943

Palestine:

Year.	Litres.
1924	34,378
1925	32,129
1926	30,869

Note.—The corresponding figures for the years 1922 and 1923 in regard to Palestine are not available in the Colonial Office.

DOMINIONS.

27. Mr. D. GRENFELL asked the Parliamentary Secretary to the Overseas Trade Department the proportion of the total import and export trade of each of His Majesty's Dominions which was done with the United Kingdom in each of the last three fiscal years?

Mr. SAMUEL: The answer consists of a tabular statement of figures. Perhaps the hon. Member will, therefore, agree to its circulation in the OFFICIAL REPORT.

Following is the answer:

The following statement shows the trade of each of the Self-Governing Dominions and of India with the United Kingdom expressed as percentage pro-

portions of their total trade, during each of the last three trade years, calculated from the particulars published in the official returns of those countries. The figures relate to merchandise only, *i.e.*, not including gold.

Country.	Total Imports (Merchandise).			Domestic Exports (Merchandise).		
	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
	Years ended 31st March.					
Dominion of Canada	1925. 19.0	1926. 17.7	1927. 15.9	1925. 37.0	1926. 38.6	1927. 35.7
	(Imports for consumption.)					
	Years ended 30th June.					
Commonwealth of Australia	1924. 45.3	1925. 47.1	1926. 43.5	1924. 39.6	1925. 43.7	1926. 43.6
	Years ended 31st December.					
Dominion of New Zealand	1924. 47.8	1925. 48.7	1926. 45.7	1924. 81.5	1925. 81.2	1926. 79.5
	Years ended 31st December.					
Union of South Africa	1924. 51.5	1925. 49.9	1926. 48.9	1924. 59.2	1925. 56.3	1926. 55.9
	Years ended 31st December.					
Irish Free State	1924. 81.1	1925. 81.1	1926. 75.6	1924. 98.1	1925. 97.2	1926. 96.6
	Years ended 30th June.					
Newfoundland	1924. 22.6	1925. 31.2	1926. 21.0	1924. 31.9	1925. 31.6	1926. 23.4*
	Years ended 31st March.					
British India (sea-borne trade)	1925. 54.8	1926. 51.9	1927. 47.8†	1925. 25.3	1926. 20.7	1927. 21.2

* Inclusive of Re-exports.

† Not including Government Stores, full particulars regarding which are not yet available.

— ECONOMIC CONFERENCE (RECOMMENDATIONS).

56. **Mr. RUNCIMAN** asked the President of the Board of Trade whether he will have prepared a statement showing how far the policy of Great Britain is in harmony with the findings of the Economic Conference?

Mr. A. M. SAMUEL (Secretary, Overseas Trade Department): I think it is well known to the House that British policy and practice in matters of commerce is in general accord with the recommendations of the Economic Conference. Those recommendations fall broadly under the following heads:

As regards liberty of trading, it has for many years been the practice of this country to accord national treatment to

all ships, and to afford to the citizens of all countries the widest facilities for carrying on their trade in this country. Moreover, the British Government has taken an active part in promoting, and has consistently adhered to, all the conventions concluded under the auspices of the League of Nations to this end.

As regards Customs administration, Great Britain has adhered to the Customs Formalities Convention, and does not discriminate against any foreign country; and we are ready to take part in any international discussions on the possibility of simplifying the nomenclature.

As regards the scale of tariffs, it will be agreed that a distinction must be drawn between revenue duties counter-vailed by excise and duties into which a

[Mr. Samuel.] protective element enters. In this respect, Great Britain may certainly claim a considerable lead, since these latter duties, as the British delegation pointed out, only apply to some 2 or 3 per cent. of British imports.

The Conference also laid stress on the importance of most-favoured-nation treatment in the widest sense. This again is in conformity with British practice, as exemplified in the whole range of our commercial treaties. Those treaties also provide in many cases, as recommended by the Conference, for the settlement of matters of dispute in the last resort by the Permanent Court of International Justice.

Mr. RUNCIMAN: Will the hon. Member consider the issue of the statement in parallel columns of the final recommendations of the Economic Conference and the statement that he has now given in rather general form, for more precise use?

Mr. SAMUEL: The recommendations of this Conference are so many and so important that I hope the right hon. Gentleman will not press for any definite or immediate reply, because replies might be given which might have to be qualified afterwards and they might put my right hon. Friend into the position of having said something about which he has not had full time for consideration.

Mr. CRAWFORD: Will the hon. Member press on the Government the importance, at a time when all the European nations are tending more towards a policy of freedom of trade, that the Government's policy should not be directed in the opposite direction?

Lieut. - Commander KENWORTHY: Will the hon. Member, when he is considering the suggestion of the right hon. Gentleman the Member for West Swansea (Mr. Runciman) for information in parallel columns, also give us the list of the 5,000 articles which at present are taxed for protective purposes?

MAINTENANCE ORDERS (DOMINIONS AND COLONIES).

21. **Mr. HERBERT WILLIAMS** asked the Secretary of State for the Colonies which parts of the Empire have now

passed reciprocal legislation in connection with the Maintenance Orders (Facilities for Enforcement) Act, 1920; and whether those parts of the Empire which have not yet passed such legislation have announced their intention of doing so in the near future?

Mr. ORMSBY-GORE: Legislation reciprocal to the Maintenance Orders (Facilities for Enforcement) Act, 1920, has been passed throughout Australia, in New Zealand, the Union of South Africa, Southern Rhodesia, in all the Colonies not possessing responsible Government and in all British Protectorates. In Canada the question of such legislation is one which falls within the jurisdiction of the several Provinces, and it is understood that the Provincial Governments are not at present prepared to take steps for the passage of such legislation.

Mr. WILLIAMS: Will the right hon. Gentleman make representations to the Provincial Governments of Canada as to the great hardship this country is suffering from the failure to pass the necessary legislation?

Mr. ORMSBY-GORE: We cannot make representations direct to the Provincial Governments, of course, but the matter is under the consideration of the Dominion Government.

KENYA (KILINDINI HARBOUR).

22. **Sir SYDNEY HENN** asked the Secretary of State for the Colonies whether a definite agreement has been arrived at in connection with the control and working of Kilindini Harbour; and when a copy of that agreement will be published?

Mr. ORMSBY-GORE: The heads of the agreement were published in the Press on 11th May. I will place a copy of the agreement itself in the Library of the House.

LAND PURCHASE, SOUTHERN RHODESIA (NATIVES).

24. **Mr. W. BAKER** asked the Secretary of State for the Colonies whether he has received representations urging him to agree to the surrender by the natives of Southern Rhodesia of the right

which they possess under Article 43 of the Constitution to purchase land in Southern Rhodesia upon the same terms as the white settlers; and whether he will give an assurance that in the event of the constitutional right being surrendered a much larger area than the suggested allotment of 8,000,000 acres for purchase by the natives shall be set aside in order to see that adequate provision is made for the future development of the native people?

Mr. ORMSBY-GORE: My right hon. Friend is not in a position to add anything to the reply made to the hon. Member on 26th May except that he understands the Southern Rhodesia Legislative Assembly have now adopted a resolution approving generally the principles of the Report of the Land Commission with the exception of the recommendation relating to so-called "neutral areas."

FRANCE (COAL IMPORT LICENCES).

26. Mr. ERNEST BROWN asked the Parliamentary Secretary to the Overseas Trade Department whether he will now make any further statement as to the method of working the licence system under the French embargo scheme affecting imported coal, or whether there is any prospect of the abolition of the scheme?

Mr. A. M. SAMUEL: Our Ambassador has been informed by the French Government that restrictions are now only being applied to coal required for administrative and public services, i.e., Government Departments, railways, gas and electrical works. The amount of reduction effected is 250,000 tons per month and is being applied to coal from all sources. Licences for the importation of coal from this country for the first three months of the operation of the restrictions have now been issued to an amount exceeding 3,000,000 tons. The French Government are not yet in a position to state for how long the restrictions will be maintained.

Mr. BROWN: How recent is the hon. Gentleman's information, and what are all the sources?

Mr. SAMUEL: We received a telegram from His Majesty's Ambassador at Paris this morning, therefore the information

is up-to-date. What I meant by all sources is this. The reduction referred to in the reply includes coal from German trade sources and, I believe, from German Reparation sources.

HOUSES OF PARLIAMENT.

ST. STEPHEN'S HALL (PAINTING).

34. Mr. COUPER asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether it is proposed to remove the painting depicting the Unknown Warrior's Grave from St. Stephen's Hall; and, if so, whether it will be placed in some other part of the House of Commons where it would be of ready access to the public view?

35. Lieut.-Colonel ACLAND-TROYTE asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether he is aware that it is proposed to move the picture of the Burial of the Unknown Warrior into the King's Robing Room and place it so as to hide a very beautiful piece of tapestry; and whether, if it is necessary to move the picture at all, he will take steps to have it placed in a position to which the public has more easy access.

The UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking—for The FIRST COMMISSIONER of WORKS): The picture in question will, with the consent of the Lord Great Chamberlain, be placed for the time being in the King's Robing Room, in a position where it will not affect the tapestry. The decision to place the picture in the Robing Room, which is the first apartment on the line of route followed by visitors to the Houses of Parliament, was reached after very careful consideration, and my right hon. Friend is unaware of any more suitable position.

Lieut.-Colonel ACLAND-TROYTE: Is the hon. and gallant Gentleman aware that this room is not open to the public at all when the House is not sitting, and is only open to those who go round with Members of the House, and that no one will have a chance of seeing the picture at all?

Captain HACKING: My hon. and gallant Friend is mistaken. The Robing Room is open on Saturdays for visitors without Members being present.

Mr. H. WILLIAMS: Is the hon. and gallant Gentleman aware that the removal of this picture from St. Stephen's Hall is very unpopular?

Captain HACKING: It would not fit in with the scheme of pictures in St. Stephen's Hall, which are to be unveiled on Tuesday, and that is the only reason it had to be removed. It is out of no feeling of disrespect to the artist or the donor or anyone connected with the picture. We are trying to find the best alternative position.

Mr. HAYDAY: I would like to ask the hon. and gallant Gentleman not to take the decision to place the picture in the King's Robing Room as a definite decision, for I heard many adverse comments this morning when showing parties round, the feeling being that such a national picture deserves a more suitable place.

Captain HACKING: I was very careful in my answer to say that the picture would only be in the Robing Room for the time being. If any hon. Member has any suggestions to make as to a better position for this picture, my right hon. Friend will be prepared very carefully to consider such suggestions.

Mr. E. BROWN: Does not the hon. and gallant Gentleman think a permanent place in Westminster Hall would afford the greatest access to the public to view the picture, and that it would not interfere with any scheme of decorations at all in the building?

Captain HACKING: That position has been suggested to my right hon. Friend. The only drawback I can think of at the moment is that Westminster Hall is not heated, and it is possible that the picture might in consequence be damaged, but that alternative position will be taken into consideration.

Sir H. BRITTAIN: Can my hon. and gallant Friend say who has the final say in the removal of any gifts by Members of this House to any other section of the Palace at Westminster?

Captain HACKING: In my reply I said that with the consent of the Lord Great

Chamberlain it had been placed in the present position. There are several people who always are consulted in connection with the position of the pictures, but I think I am right in saying that the Lord Great Chamberlain is primarily responsible.

Sir WILLIAM LANE MITCHELL: Is the picture depicting the Speaker being held down in the Chair opposite where the Speaker's Chair used to stand to be replaced again?

Captain HACKING: No, Sir. That picture is now in Committee Room No. 14.

Sir W. LANE MITCHELL: That is a downright shame!

Captain HACKING: Again, I understand there is a probability of Room No. 14 being placed in the grand tour of the Houses of Parliament.

Lieut.-Colonel ACLAND-TROYTE: Is my hon. and gallant Friend aware that this picture is of much more interest to the public than most of the pictures are, and will he not consider putting it in the place of some other pictures, even if it does not match the decorations?

Captain HACKING: I am afraid it is too late to do anything in relation to the present scheme in St. Stephen's entrance —[Hon. Members: "Why?"] —but from the point of view of prominence, perhaps it would satisfy the House if it were placed in Westminster Hall. That position will certainly receive consideration.

Mr. H. WILLIAMS: Can my hon. and gallant Friend say why these removals were made without any consultations with Members of the House?

Captain HACKING: I do not think it is necessary to ask permission of Members of the House, but I may add that their wishes will be given every possible consideration.

Sir WILLIAM DAVISON: Is there any Committee of Members of the House of all parties to consider the removal of any pictures from one part of the House to another?

Captain HACKING: No, Sir, not at present.

SESSIONAL ORDER (METROPOLITAN POLICE).

Mr. MOSLEY: I desire to ask your guidance and ruling, **Mr. SPEAKER**, on a question relating to a Sessional Order of this House. The Order in question was passed by the House on Tuesday, 8th February, and addressed to the Commissioner of Police of the Metropolis in the following terms:

"That the Commissioner of Police of the Metropolis do take care that during the Session of Parliament the passages through the streets leading to this House be kept free and open, and that no obstruction be permitted to hinder the passage of Members to and from this House."

This afternoon it was the experience of several of my hon. Friends and of myself that we found all the main roads leading to this House obstructed by the order of the Commissioner of Police. This was a situation which could easily be understood if it had escaped the handling of the police. The crowd was not drawn across the road; it was merely lining the road; and the only obstruction to the passage of Members of Parliament was the obstruction of the police themselves. A cordon of police was drawn across at least two of the main roads and, I am informed, other roads, and on inquiry being made we were informed that the Commissioner of Police had closed these roads even to Members of Parliament.

Mr. SPEAKER: What the hon. Member has said is the first I have heard of any failure to carry out the Sessional Order of the House. My experience is that when an hon. Member informs the police that he is a Member of Parliament proceeding to the House, way is at once made for him. If there has been any failure in that respect I will personally undertake to look into it.

Mr. MOSLEY: May I at once say, on that point, that it was always my experience, when previously a Member of this House, that that information conveyed to the police permitted of a passage immediately, but this afternoon I and another hon. Friend of mine did so inform the police and were still refused a passage.

Mr. SPEAKER: I can only think that because of the multifarious duties that the police have to perform, there are occasionally those who are not aware of the general rule. I am sure it was not the Commissioner of Police who was responsible. The hon. Member having

drawn attention to the matter, I will see that the Order of the House is carried out.

Lieut.-Colonel Sir G. DALRYMPLE-WHITE: Would it be in order for the traffic to be stopped for Members of Parliament proceeding to the House if it interfered with a procession such as that which has taken place to-day? May Members still claim the right to drive through?

Mr. SPEAKER: I would rather deal only with an actual fact which has been brought to my notice.

Mr. AUSTIN HOPKINSON: Is it not the case that the Order in question applies to Members themselves and not to their motor cars?

Mr. H. WILLIAMS: May I say that there was no difficulty for those who were in time?

Mr. THURTLÉ: Supposing that on this occasion the ancient right of Members to free access to this House has been interfered with, can you say what means we have of obtaining redress against such infringement of our right?

The **SECRETARY of STATE for the HOME DEPARTMENT** (Sir William Joynson-Hicks): On a point of Order. Before you, Mr. Speaker, are asked to decide a hypothetical question as to whether the rights of Members have been interfered with or not, as there is a Minister in this House responsible for the actions of the police, might it not be desirable that the question should be addressed to me in order that I might ascertain and report to the House what the facts are?

Mr. SPEAKER: There is a certain duty cast upon me by the Order of the House. Of course, I shall take care not to act until I am made fully aware of the whole matter. All I can say at the moment is that, a complaint having reached me from the hon. Member for Smethwick (Mr. Mosley), I will see that it is looked into.

Mr. MOSLEY: I thank you.

Mr. HOPKINSON: May we have a ruling on the point which I have raised, namely, that this privilege is only personal to Members of the House, and does not apply to any motor car or other conveyance in which they happen to be driving?

Mr. SPEAKER: I do not think it does. An hon. Member might claim to come in a caravan.

Mr. MOSLEY: The point of privilege which I raised related also to the experience of hon. Friends of mine who were on foot, and who were still refused entrance.

Mr. SPEAKER: Perhaps hon. Members concerned will acquaint me with the facts.

Mr. HARDIE: May I do so now?

Mr. SPEAKER: I do not think it is necessary now; but with regard to the actual facts of any such incident, I should like to have them in writing so that I may thoroughly investigate the matter.

Mr. HARDIE: Remarks have been made from the other side which imply certain conditions upon Members who are so concerned. I did not know what the reason for the crowd was on the road which I generally use, and I would not have minded going round two or three miles had it been something of importance, but when I learned the cause—[HON. MEMBERS: "Order!"]

Sir CLEMENT KINLOCH-COOKE: May I say that I arrived at the House exactly as the procession came along the street, and I found no difficulty in getting into the House, and I was on foot.

Mr. HARDIE: This was before the procession and before the House was open. The gate by which we come in every day was locked.

TITHE ACT, 1925.

23. Major Sir GRANVILLE WHELER asked the Minister of Agriculture whether, as there is no Minister responsible to the House of Commons for the actions of Queen Anne's Bounty with respect to the administration of the Tithe Act, 1925, he will consider the desirability of introducing legislation for this purpose?

The MINISTER of AGRICULTURE (Mr. Guinness): The Tithe Act, 1925, entrusted to Queen Anne's Bounty certain duties in regard to the collection and ultimate redemption of ecclesiastical tithe rentcharge. The Bounty have for many years past dealt with redemption and allied questions affecting such tithe

rentcharge, and I see no reason why their administration in regard to matters which are domestic to the Church should be subject to constant review in this House. I am not prepared, therefore, to introduce legislation of the kind indicated by my hon. and gallant Friend.

Sir G. WHELER: Is it a fact that a very large number of tithepayers are now brought in under the control of Queen Anne's Bounty under the new assessment who never were so closely connected with Queen Anne's Bounty before, and should they not have some right of redress if anything goes wrong?

Mr. GUINNESS: That is true, but Parliament was no doubt aware of the large area to which Queen Anne's Bounty was to be applied, and I think my hon. and gallant Friend will recognise that at first, when the change over takes place, a certain amount of inconvenience is inevitable, and as there may be a special distribution in July, Queen Anne's Bounty are doing all they can to mitigate the loss.

AGRICULTURE.

LIVE AND DEAD MEAT (PRICES).

31. **Mr. DREWE** asked the Minister of Agriculture the average price of fat cattle and sheep in our principal markets last week, six months ago, and a year ago?

Mr. GUINNESS: With my hon. Friend's permission, I will circulate in the OFFICIAL REPORT a statement giving the desired particulars.

Following is the statement:

The average of the prices of first and second quality fat cattle and sheep at representative markets throughout England and Wales in the weeks ending 1st June, 1927, 1st June, 1926, and 1st December, 1926, were as follows:

Week ending.	Per live cwt.	Fat Cattle.		Fat Sheep.	
		Approximate equivalent per lb. estimated dressed carcass weight.		Per lb. estimated dressed carcass weight.	
		s.	d.	s.	d.
1st June, 1927	49 4	0	9½	1	0½
1st Dec., 1926	47 2	0	9	1	0½
1st June, 1926	54 3	0	10½	1	1

30. **Mr. DREWE** asked the Minister of Agriculture the average retail price of beef and mutton in our principal towns last week, six months ago, and a year ago?

The **PARLIAMENTARY SECRETARY** to the **MINISTRY of LABOUR** (**Mr. Betterton**): I have been asked to reply. With the hon. Member's permission, I will circulate a table in the **OFFICIAL REPORT**.

Following is the statement:

Average retail prices (per lb.) of specified descriptions of beef and mutton, as calculated from returns furnished by those shopkeepers, in Great Britain and Northern Ireland, who supply information to the Ministry of Labour relating to the prices charged to working-class families:

	1st June, 1927.		1st Dec., 1926.		1st June, 1926.	
	s.	d.	s.	d.	s.	d.
Beef, British :						
Ribs ...	1	4½	1	5½	1	5½
Thin Flank ...	0	9½	0	9½	0	9½
Beef, Chilled or						
Frozen :						
Ribs ...	0	9½	0	10½	0	10
Thin Flank ...	0	5	0	5½	0	5½
Mutton, British :						
Leg ...	1	6½	1	6½	1	7½
Breast ...	0	10	0	10½	0	10½
Mutton, Frozen :						
Leg ...	0	11½	0	11½	1	0
Breast ...	0	4½	0	5½	0	5½

• MERCHANDISE MARKS

29. **Brigadier - General CLIFTON BROWN** asked the Minister of Agriculture what foreign agricultural products have been considered for marking by the Committee set up under the Merchandise Marks Act; when will this Committee report on these products; and whether he can give producers of British eggs any idea as to the date when unmarked foreign eggs will be prohibited from coming into this country?

Mr. GUINNESS: Four applications in respect of currants, raisins and sultanas; eggs; meat, including bacon and ham; and honey have already been submitted to the Committee. The case of imported oatmeal is also under consideration. I regret that it is not possible for me to give the dates on which the Reports of the Committee may be expected. As

regards the last part of the question, I am unable to pre-judge the recommendations of the Committee.

COMMISSIONERS OF CROWN LANDS.

32. **Lieut.-Commander KENWORTHY** asked the Minister of Agriculture what funds the Crown Lands Office has at present at its disposal; what is the capital value of the present investments held by the office and the approximate annual income from these investments; what is the acreage of the land now administered by the office; how much has been bought and sold, respectively, during the last five years; and the total amounts realised and expended on the sale or purchase of land?

Mr. GUINNESS: The cash value of the securities held by the Commissioners of Crown Lands is £2,457,193; and the approximate annual income therefrom is £115,699. Exclusive of copyholds, held of the Crown, foreshores and areas in which the Crown owns the minerals but not the surface, the landed property extends to 226,000 acres, of which 108,000 acres are agricultural land, 6,500 acres are under timber and 81,800 acres of unenclosed wastes are subject to common rights. During the last five years about 9,900 acres of land have been sold, producing £458,000; and about 7,800 acres have been purchased at a cost of £356,000.

Lieut.-Commander KENWORTHY: In view of these very large sums at the right hon. Gentleman's disposal and the very heavy transactions which have taken place, would he consider the purchasing of 50 acres of land near Stonehenge which are threatened with building operations?

Mr. SPEAKER: That matter does not come within this question.

EMPLOYERS' ASSOCIATIONS.

37. **Mr. CECIL WILSON** asked the Minister of Labour whether he can state, with regard to the 2,403 employers' associations concerned with labour matters, whether these associations exist for regulating the relations between workmen and masters, or between masters and masters, or for improving conditions, or the conduct of any trade or business, or for what purpose they exist, and in what way and for what purpose the Ministry

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come in contact with them; and whether, in regard to the 100 principal associations, he can give the same information regarding membership, income, expenditure, and funds as is given in the Eighteenth Abstract of Labour Statistics in regard to 100 principal trade unions?

Mr. BETTERTON: The employers' associations enumerated in the Ministry of Labour's 'Directory of Employers' Associations, Trade Unions, etc., are those which are known by the Department to concern themselves in some way with matters relating to the employment of labour. The Ministry of Labour comes into contact with many of them in the conduct of Departmental business, for example, in connection with negotiations and the collection of statistical and other information as to conditions of labour. I am unable to give the information asked for as to the membership and finances of these associations. Such of them as are registered trade unions are included in the Annual Report of the Registrar of Friendly Societies.

Mr. WILSON: Will the hon. Gentleman say what was the character of the negotiations which took place?

Mr. BETTERTON: Negotiations generally in which we assist in the settlement of disputes. We obtain statistical and other information of the kind indicated in the question, where we can, in order to place them in our records.

Mr. MACKINDER: Can the hon. Gentleman say who is the authority who decides whether or not these associations are trade unions, registered or unregistered.

Mr. BETTERTON: I cannot answer that question without notice, but any registered association under the Friendly Societies Act must comply with the rules laid down by the Registrar.

Mr. MACKINDER: I am not asking that. Who is the authority who decides whether they are trade unions, registered or unregistered?

Mr. BETTERTON: That question, again, I cannot answer without notice.

Mr. MACKINDER: What is the authority that decides whether or not they are trade unions? I ask for the purpose of information.

Mr. BETTERTON: I must ask the hon. Gentleman to put that down in the form of another question.

CONTRIBUTORY PENSIONS ACT (EX-SERVICE MEN).

40. Lieut.-Colonel HOWARD-BURY asked the Minister of Health if he is aware that cases have arisen where ex-service men of 100 per cent. disability pension have subsequently died from a disease not attributable to service and, as they were unemployable and uninsurable, the widows and orphans are not eligible for benefit under the Widows', Orphans', and Old Age Contributory Pensions Act, 1925; and whether he will consider bringing such cases within the Act of 1925?

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): I would remind my hon. and gallant Friend of the special provisions which were inserted in the Contributory Pensions Act, 1925, to enable ex-service men to secure the benefits of the scheme. One of these provisions had the effect of giving to those who had served for not less than 104 weeks in the late War the necessary qualifications for becoming voluntary contributors under the Act, if they were not required to be insured thereunder, while another was designed to facilitate payment of the contributions of voluntary contributors who were in receipt of war pensions. My right hon. Friend is afraid that no further concession is possible.

HOUSING.

RURAL WORKERS ACT.

41. Lieut.-Colonel HENEAGE asked the Minister of Health what number of local authorities have decided to put the Housing (Rural Workers) Act into operation?

Sir K. WOOD: Proposals have so far been submitted by 38 county councils and seven other local authorities under the Housing (Rural Workers) Act, 1926, and others have schemes under consideration, but have not yet actually submitted proposals.

LOCAL AUTHORITIES (EMPLOYÉS).

42. **Mr. E. BROWN** asked the Minister of Health the number of houses erected by county councils for their employés in each year from 1920 to 1926, inclusive?

Sir K. WOOD: With the consent of the hon. Member, my right hon. Friend will circulate a statement in the OFFICIAL REPORT, giving the information desired.

Following is the statement:

The following statement shows the numbers of houses erected by county councils or Joint Boards in England and Wales for their employés, with State assistance, under the Housing Acts, during each year ending in March, 1920, to 1927:—

Year ending in March.				Number of houses.
1920	...	...	...	2
1921	...	...	...	80
1922	...	...	...	350
1923	...	...	...	79
1924	...	...	...	16
1925	...	...	...	16
1926	...	...	...	75
1927	...	...	...	92

AGRICULTURAL PARISHES (RENTS).

43. **Mr. E. BROWN** asked the Minister of Health the average rent at which houses in agricultural parishes under the Housing (Financial Provisions) Act, 1924, are let; and the number of land workers who have obtained houses under that Act?

Sir K. WOOD: Statistics are not available giving the information desired by the hon. Member. I would point out, however, that houses erected under the 1924 Housing Act have to comply with the conditions as to rentals prescribed by the Act.

Mr. BROWN: Can the hon. Gentleman inform me of the approximate average?

Sir K. WOOD: No, Sir. I think the hon. Gentleman will find that that question—perhaps I can send the reply to him as it gives some examples—was answered a few weeks ago.

Lieut.-Colonel ACLAND-TROYTE: Is it not a fact that a rent of 30s. a week, plus rates, has been asked?

Sir K. WOOD: I would not care to commit myself to a general statement of

that kind, but there are instances that have already been furnished to Members of the House.

CEMENT.

44. **Mr. DENNISON** asked the Minister of Health what is the average amount of cement used in the building of a subsidy house; how much foreign cement has been used during the 12 months ending May in the building of subsidy houses; how much cheaper per ton is the foreign cement compared with Scotch manufactured cement; and will he consider the advisability of withholding the subsidy where foreign cement is used?

Sir K. WOOD: It is estimated that, on an average, about 2½ tons of cement would be required in the construction of a brick subsidy house, in cases where cement is used. I have no information as to the quantity of foreign cement used in the building of subsidy houses. According to recent quotations in Glasgow, the price of Scottish cement (blast furnace) was 47s. 6d. per ton, as compared with 47s. for foreign cement. As regards the last part of the question, Section 10 of the Housing (Financial Provisions) Act, 1924, provides that, in approving proposals for the construction of houses, the Minister of Health shall not impose any conditions which would prevent the materials required being purchased in the cheapest market at home or abroad. My right hon. Friend has, therefore, no power to carry out the suggestion of the hon. Member, but the Government have urged local authorities to arrange that all contracts for or incidental to works carried out by them should, in the absence of special circumstances, be placed in this country.

Colonel DAY: Can the hon. Gentleman say whether it is not a fact that a great deal of foreign cement is used in these houses?

Sir K. WOOD: No, Sir; I cannot say that.

Mr. HARRIS: Are not these houses quite expensive enough without adding to their cost by insisting on British-made materials?

CHILD LABOUR.

45. **Mr. CECIL WILSON** asked the Prime Minister whether he is aware that

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the joint committee of the Industrial Conference of 1919 expressed the opinion that child labour was bad in principle and tended in practice to decrease the chances of adult employment, and that, consequently, the age at which a child should enter employment should be raised; and whether, in view of these expressions, it is proposed to take any general action to give effect to the unanimous recommendation of the conference.

Mr. BETTERTON: I have been asked to reply. I am aware of the recommendation to which the hon. Member refers. Since 1919 the employment of child labour has been further restricted under Statute, and in particular by the Employment of Women, Young Persons and Children Act, 1920. The question of what action should be taken in the future is largely bound up with that of the school-leaving age in regard to which I would refer the hon. Member to the reply given by my Noble Friend the President of the Board of Education on the 16th June, 1927, to the hon. Member for Houghton-le-Spring (Mr. R. Richardson).

Mr. WILSON: Will that mean, as far as the Government are concerned, leaving the applications entirely to the local authorities who desire to put it into operation, and that nothing further is contemplated?

Mr. BETTERTON: I think that question should be addressed to the President of the Board of Education. If the hon. Member looks at the very long answer which he gave on the 16th June, he will see that he dealt with it.

COAL MINING INDUSTRY (GLAMORGANSHIRE COLLIERIES).

47. **Mr. R. MORRISON** asked the Secretary for Mines whether he is aware that 2,500 men employed at six collieries in Glamorganshire have received 14 days' notice to terminate their agreements; and will he ascertain from the firm concerned whether any steps can be taken to avert these discharges?

The SECRETARY for MINES (Colonel Lane Fox): I have seen a statement to this effect in the Press, but I understand on inquiry from the company concerned that they still hope, if the state of trade

permits, to continue working on day-to-day contracts after the notices have expired.

Mr. MORRISON: In view of the fact that these six collieries belong to Baldwin's, Limited, cannot the hon. Member ask the Prime Minister whether he can use his influence—

HON. MEMBERS: Order!

Mr. E. BROWN: Has this anything to do with the French embargo?

Colonel LANE FOX: Yes, Sir. It is attributed partly to the French embargo and partly to the depression in the iron and steel trade.

Mr. PALING: Is it not a fact that men are getting notices like these throughout the length and breadth of the land, including the best districts such as South Yorkshire?

Colonel LANE FOX: Not for the same reason.

Mr. RUNCIMAN: Will the right hon. Gentleman suggest to the proprietors of these collieries trying to work on the one-shift system, instead of two shifts which we find in some parts of the country, is the best way of keeping the men together?

Colonel LANE FOX: Hon. Members can rely upon the Government doing the best they can at the moment.

Mr. PALING: Is the Government's "best" likely to be no better than it was last year?

Mr. MACQUISTEN: Is it not a fact that a great many new coal sources were opened up on the Continent last year on account of the coal strike which have not yet been shut down and that that is responsible for a good deal of the trouble?

ROYAL NAVY.

MESSING ARRANGEMENTS, PORTSMOUTH (PETTY OFFICERS).

48. **Sir BERTRAM FALLE** asked the First Lord of the Admiralty whether he is aware that because an irregularity occurred in the administration of the petty officers' mess in the Royal Naval Barracks, Portsmouth, that mess has been placed on the general messing system against the wishes of the members of the

mess; and whether the privilege of petty officers making their own messing arrangements is now withdrawn?

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): I am having inquiries made and will let my hon. and gallant Friend know as soon as they are completed.

Lieut.-Commander KENWORTHY: On a point of Order. May I draw attention to the spelling of "Royal Naval Barracks" in this question as it appears on the Order Paper? Is it not usual to use capital letters for the words "Royal Naval"? Can this be altered in the OFFICIAL REPORT?

Mr. SPEAKER: I will look into the matter.

INVALIDED RATINGS.

49. **Sir B. FALLE** asked the Parliamentary Secretary to the Admiralty the number of ratings invalided from the Royal Navy in the year ending 31st March, 1927; and the numbers invalided for tuberculosis and for nephritis and other kidney and bladder troubles, respectively?

Lieut.-Colonel HEADLAM: The figures for the year ending 31st March, 1927, are not available, but during the year 1926 (1st January to 31st December), 1,725 ratings were invalided. In the same period the number invalided for tuberculosis was 197, but the figures for nephritis and other kidney diseases and bladder troubles will not be available for some months.

SHERIFF COURTS AND LEGAL OFFICERS (SCOTLAND) BILL.

50. **Mr. HARDIE** asked the Secretary of State for Scotland when he proposes to proceed with the further stages of the Sheriff Courts and Legal Officers (Scotland) Bill?

The UNDER-SECRETARY of STATE for SCOTLAND (Major Elliot): As matters stand, my right hon. Friend fears that no further progress can be made with the Bill until the Autumn. He hopes that it may be possible to pass the Bill in the limited time then available, and that hon. Members in all parts of the House will be prepared to facilitate its progress.

Mr. JOHNSTON: Is the hon. and gallant Member aware that the Bill will go through without any opposition if the Government will take into consideration the harsh treatment being meted out to a few old servants?

Major ELLIOT: My right hon. Friend is well aware of these allegations of harshness, but they did not convince the Treasury officials during the tenure of power of the hon. Member's own party.

Mr. JOHNSTON: Apart from that party debating point, is the hon. and gallant Member not aware that these grievances have been specifically brought to the notice of his Department, and cannot he take steps to get them remedied?

Mr. MACQUISTEN: Is he not aware that the fees charged in the Sheriff and the Small Debts Court were materially added to, and that it will make it more difficult for poor people in Scotland to get access to the Courts, and that the fees were raised for the purpose of paying proper salaries to the officials, and they have not been used for that purpose?

Major ELLIOT: These are matters for debate, and it will be improper for me now to go into them. If hon. Members oppose the passage of the Bill, it will not pass, and these gentlemen will not get any redress.

Mr. HARDIE: May the House know what has been done with the funds which have been collected in adding to the fees? If they have not been given to the officials, who has got them; have they been handed to the Chancellor of the Exchequer?

Mr. SPEAKER: Hon. Members must not argue the matter.

TELEPHONE SERVICE (FLATS, SOUTH KENSINGTON).

53. **Sir W. DAVISON** asked the Postmaster-General whether his attention has been called to the demand made by the owner of a block of flats known as Warwick Chambers, South Kensington, for the immediate removal by the Post Office of all telephones connected to the tenants occupying flats in the said

[Sir W. Davison.]
building; and whether he will see that no steps are taken by his Department to deprive the tenants who have agreements with the Post Office of their telephones?

The POSTMASTER-GENERAL (Sir William Mitchell-Thomson): I am advised that the landlady in this case is acting within her legal rights in requiring the removal of the telephone at the flats, and I have no option but to comply. Provision is made in the subscribers' agreements for summary termination if way-leave difficulties arise. I regret the unfortunate position in which the tenants find themselves, and I am considering the possibility of introducing legislation to meet such cases.

Sir W. DAVISON: Is the right hon. Gentleman aware that several of these tenants have had agreements with the telephone department of the Post Office for many years, and has any reason been given to the Post Office for this very high-handed action on the part of the landlord?

Sir W. MITCHELL-THOMSON: The answer to the first part of the question is in the affirmative, and to the second in the negative.

Colonel DAY: Must the Post Office authorities remove any telephone wires when a landlord asks them to do so?

Sir W. MITCHELL-THOMSON: I should require notice of a general question like that.

RUSSIA.

BRITISH TRADE (PASSPORTS).

54. Lieut.-Commander KENWORTHY asked the Secretary of State for Foreign Affairs whether, in view of the statement of His Majesty's Government that no obstacle would be placed in the way of legitimate trade between this country and Russia, he will state the procedure for business men or their agents wishing to visit Russia for purposes of business; whether the Norwegian Government will obtain visas for these British subjects, in view of his statement that British passports are no longer endorsed valid for entry into Soviet territory; and whether he will state what should be the procedure for British subjects to obtain visas for Russia?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): I have ascertained that the Soviet Government state that applications for visas for Russia should be made to the Soviet representative in Berlin.

Lieut. - Commander KENWORTHY: What is the object in not making the passports valid to Russia when people wish to go there for legitimate business? Does the hon. Member not see that it makes it difficult for business men to get their visas?

Mr. LOCKER-LAMPSON: It has been stated already that we are very anxious not to interfere with legitimate trade between this country and Russia. But it would be very unusual to give passports to a country with which we have broken off diplomatic relations. In the second place, if we gave passports we could not possibly guarantee the safety of the people who received them.

ARCOS, LIMITED.

62. Mr. REMER asked the Secretary of State for the Home Department if he can make a statement as to the number of foreign employes of Arcos, Limited, who still remain in this country?

Captain HACKING: I would refer my hon. Friend to the statement which the Home Secretary made on Thursday last in reply to questions by my hon. and gallant Friends the Members for Romford (Mr. Prys) and Bath (Captain Foxcroft).

Mr. CLYNES: Does that reply include the number of aliens who have been required to leave the country?

Captain HACKING: Yes, as far as Arcos is concerned. My right hon. Friend stated that 350 were employed in Arcos, and that 48 of these have left or are about to leave.

BRITISH CHILDREN (VISIT).

65. Sir W. DAVISON asked the Home Secretary whether he is aware that the six British children who were refused passports to go to Russia to study Soviet methods have now left London for Petrograd on a Soviet-owned steamship; whether the emigration officer consented to their departure; and what steps the Home Office proposes to take to prevent such occurrences in the future?

Captain HACKING: I am informed that the children in question sailed in the Soviet s.s. "Youshar" on Tuesday evening. The law places no restriction upon persons leaving this country and therefore neither the Home Secretary nor his officers had any power to intervene and no consent was required. Passports were refused to those who did not already possess them because the Government were not prepared to facilitate their journey.

Sir W. DAVISON: Having regard to the large powers which the State possesses to protect children's bodies from contamination does not my right hon. Friend think it desirable that their minds should also be protected from contamination?

LEAGUE OF NATIONS (CHINA).

55. Lieut.-Colonel Sir FREDERICK HALL asked the Secretary of State for Foreign Affairs whether China is still an effective member of the League of Nations; by whom that country is represented at the Geneva Conference; whether such delegate is acting on instructions received from the Cantonese Government or the Government centred at Peking; and if he can indicate, for the information of the House, what measures have been taken by the League with the object of remedying the existing conditions in China, with their reactions in other parts of the world?

Mr. LOCKER-LAMPSON: China is still a member of the League of Nations, and is represented on the Council by Mr. Chu. Mr. Chu was appointed by the Peking Government. As regards the last part of the question, I would refer my hon. and gallant Friend to the replies given on the 16th of February last by my right hon. Friend the Foreign Secretary to the questions asked by the hon. Members for Penistone (Mr. Rennie Smith) and Peckham (Mr. Dalton). The hon. Members were then referred to the letter addressed by His Majesty's Government to the League of Nations on the 8th of February, stating that they deeply regretted that there did not appear to be any way in which the assistance of the League in the settlement of the difficulties in China could be sought at present. The letter added

that if any opportunity should arise of invoking the good offices of the League His Majesty's Government would gladly avail themselves of it.

EDUCATION.

NURSERY SCHOOLS.

58. Mr. HARRIS asked the President of the Board of Education the number of nursery schools aided or maintained by local education authorities which are recognised by the Board of Education; and have any recognised nursery schools been opened or closed during the lifetime of His Majesty's present Government?

The PRESIDENT of the BOARD of EDUCATION (Lord Eustace Percy): There are at present recognised by the Board 26 nursery schools, of which 11 are provided by local authorities. Of the 15 voluntary schools, all but one are aided by the local authority. Two nursery schools have been opened and three have been closed since the present Government assumed office.

Mr. HARRIS: Are we to understand that the closing of these nursery schools is due to the fact that the Board of Education are not favourable to them?

Lord E. PERCY: It is not due to that cause. I do not know what the particular cause is in this case.

Colonel DAY: Is the President of the Board of Education encouraging the opening of those schools which have been closed?

Lord E. PERCY: If the hon. Member wants to know anything more about these particular schools, perhaps he will put down a question.

TEACHERS' SALARIES.

59. Mr. HARRIS asked the President of the Board of Education whether the arbitration award by Viscount Burnham on the scales of salaries for teachers in public elementary schools included a provision that existing teachers should not receive a less rate of salary as from 1st April, 1925, than they were receiving on the 31st March, 1925; whether the Board are aware that teachers absent from school on account of ill-health for periods which involve a loss of pay are

[Mr. Harris.]

liable to have their salaries reassessed and reduced; whether such reassessment of salaries is approved by the Board; and whether, if the complaints of teachers with regard to this matter are substantiated, the Board will make representations to the arbitrator on this subject?

Lord E. PERCY: The interpretation of the award is a matter which rests with the Burnham Committees. The particular decision referred to by the hon. Member is based on the principle that teachers with the same qualifications and service should receive the same salaries, and I see no ground for suggesting its reconsideration.

Mr. HARRIS: Are we to understand that the Burnham Committee is sitting permanently to interpret its decisions, or does the Board of Education take over their functions?

Lord E. PERCY: No. It is a Committee of the Burnham Committee which sits, and as far as I know is ready to go on sitting in connection with the award.

Mr. HARRIS: Does this Committee sit in connection with the Board of Education or does it interpret the award independently?

Lord E. PERCY: It is in touch with the Board of Education, but the Burnham arrangement is one between the local authorities and the teachers, and is naturally interpreted by a Committee representing these two parties.

MENTALLY DEFECTIVE CHILDREN.

60. **Mr. HARRIS** asked the President of the Board of Education what are the terms of reference to the Departmental Committee appointed by the Board to consider matters relating to mentally defective children; has the Committee taken any evidence from witnesses; when is the Committee likely to make its Report; and, having regard to the fact that the development of schools for mentally defective children is being held up pending the findings of the Departmental Committee, have the Board any intention of asking for an interim Report?

Lord E. PERCY: As regards the first part of the question, I would refer the hon. Member to the reply given by me

on the 24th March last to the hon. Member for West Newcastle (Mr. Palin), a copy of which I am sending him. I understand that the Committee have not called witnesses, and that they hope to be able to report early next year. There appears, therefore, to be no occasion to ask them to consider making an interim Report.

Mr. R. MORRISON: In view of the uncertainty of a large number of local authorities as to what exactly is the policy of the Board of Education towards the provision of special schools for mentally defective children, can the right hon. Gentleman facilitate the issue of this Report or make some further statement in order that local authorities may know what they are expected to do?

Lord E. PERCY: The hon. Member is entirely mistaken. There is no uncertainty in the mind of local authorities, and any local authority which wishes to consult the Board can do so at any moment.

Mr. MORRISON: Am I to understand that the President of the Board of Education wishes local authorities to feel that no further provision should be made for special schools for mentally defective children?

Lord E. PERCY: The hon. Member is not to understand that. He is to understand that local authorities are free to consult with the Board in connection with any project they have in mind for the provision of special schools for these children.

Mr. MORRISON: Is it not the case that a considerable number of local authorities have submitted plans for these special schools for mentally defective children, and, as they have not met with the approval of the Board, they are in some doubt on the matter?

Lord E. PERCY: After the communications they have had with the Board, I do not think they can be in any doubt at all.

NEWPORT SECONDARY SCHOOL (JOAN ROGERS).

61. **Mr. GROVES** asked the President of the Board of Education whether his attention has been called to the action of the Newport Education Authority in

excluding from the Newport secondary school Joan Rogers, a 15 years old girl, on the ground that she is unvaccinated; and whether, in view of the ruling of the Board in the year 1909 and of the action it has taken in other similar cases, he will intervene on behalf of this schoolgirl and secure her re-admission to the school?

Lord E. PERCY: My attention has already been called to this case by my hon. Friend the Member for Newport (Mr. Clarry). I understand that the local authority excluded this girl from school on the advice of the school medical officer acting in conjunction with the borough medical officer of health, owing to the prevalence of smallpox in the area outside the borough in which the girl lives, but that they are prepared to re-admit her to school provided that her parents are willing to allow her to live within the borough so long as the epidemic continues. In these circumstances, I do not think that I should be justified in interfering with the action taken by the authority on the recommendation of their competent medical advisers.

Mr. LANSBURY: May I ask whether this action does not really override the Act of Parliament, which enables the parents of a child to decide whether or not it shall be vaccinated?

Lord E. PERCY: It is entirely open to the parents to decide whether a child shall be vaccinated. The law does not enforce any other parent, or those responsible for the children of other parents, to expose other children to the risks.

Mr. LANSBURY: Is it not the law that this child is to be permitted under the conditions that prevail in Newport to attend at this school, and are not the authorities using their power to prevent the child getting the education to which she is entitled? Does not the law allow those who object to vaccination to mix with those who support vaccination?

Lord E. PERCY: As far as I can understand the hon. Member, the answer to all three parts of his question is "No."

ARRESTS FOR DEBT.

63. **Colonel DAY** asked the Home Secretary whether any facilities exist in

the Metropolitan area to enable persons arrested for non-compliance with a judgment order for debt on a Saturday to satisfy the demands of the same during that day, so as to avoid their retention in prison until the following Monday?

Captain HACKING: Reasonable facilities are afforded to a debtor to satisfy a judgment debt. The procedure for securing discharge on payment varies according to the Court concerned. If the hon. Member will put down a question regarding the particular class of case he has in mind, my right hon. Friend will answer it.

WOMEN POLICE.

64. **Colonel DAY** asked the Home Secretary the present total establishment of women police employed in the Metropolitan police area, the districts where these officers are on duty, and the annual cost?

Captain HACKING: There are at present two inspectors, five sergeants and 42 constables of the Women Police employed in the Metropolitan Police District. They are allocated for duty in the various parts of the district as may be required. The total cost of the Women Police for the year 1926-27 was approximately £9,400.

Colonel DAY: Do I understand that these officers have no regular places of duty, but are sent about the West End of London?

Captain HACKING: They are attached to certain districts, but are frequently moved about as necessity arises.

SMALL-POX AND VACCINATION.

66. **Mr. GROVES** asked the Home Secretary whether his attention has been called to the refusal of certain London magistrates to take statutory declarations under the Vaccination Act, 1907; and whether he has taken action in the cases that have been brought to his notice?

Captain HACKING: In the case of Metropolitan Police Magistrates two complaints of the nature referred to have been made to my right hon. Friend within the last year, and in both instances he found on inquiry that the facts were in-

[Captain Hacking.] accurately represented and that there had been no refusal on the part of the magistrate. Complaints of the conduct of individual Justices of the Peace other than Stipendiary Magistrates are a matter for the Lord Chancellor rather than for my Department.

Mr. PALING: Where there is a genuine case of a man refusing to sign these application forms will the Under-Secretary state what the procedure is?

Captain HACKING: The hon. Member must communicate with the Lord Chancellor.

46. Mr. GROVES asked the Minister of Health whether he is aware that the fatal case of small-pox from King Henry's Road, Hampstead, removed to the Dartford small-pox hospital, was a woman who had been vaccinated in infancy and re-vaccinated at the age of 11 years; and whether he can state the source of infection in this case?

Sir K. WOOD: My right hon. Friend is informed that this woman, who was 40 years old at the time of death, was said by her mother to have been unsuccessfully vaccinated in infancy, and was not re-vaccinated at the age of 11, her history in that respect having been confused with that of her sister. The source of infection has not been traced.

CURRENCY.

68. Sir F. WISE asked the Chancellor of the Exchequer the pre-War currency per head of the population and the currency per head of the population on the 31st March, 1927 (notes and gold)?

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): With my hon. Friend's permission, I will circulate a statement in the OFFICIAL REPORT.

Following is the statement:

ESTIMATED CURRENCY PER HEAD IN THE UNITED KINGDOM AND IRISH FREE STATE.

	30th June, 1914.		31st March, 1927.	
	Amount.	Per head.	Amount.	Per head.
	£	£ s. d.	£	£ s. d.
Bank of England Notes (a) ...	29,784,000	12 11	81,703,000	1 13 11
Currency Notes	—	—	288,067,000	5 19 6
Gold Coin	122,000,000(b)	2 13 5	—(c)	—
Silver Coin	34,000,000	14 9 {	52,000,000(d)	1 1 7
Bronze Coin			8,000,000	3 4
Total	186,784,000	4 1 1	429,770,000	8 18 4

(a) Excluding notes held in the Bank of England Reserve and, in 1927, in the Currency Note Reserve.

(b) Estimate used by Cunliffe Committee (par. 13 of Interim Report).

(c) The amount of Gold Coin which may be in the hands of the public is unknown.

(d) Excluding Silver Coin held in Currency Note Reserve.

69. Sir F. WISE asked the Chancellor of the Exchequer, as the recent Whitsuntide demands brought the Treasury note issue to within about £1,000,000 of the fiduciary maximum, if he will consider setting up a Committee to consider this technical financial problem?

Mr. McNEILL: No, Sir. There is nothing abnormal in the fiduciary circulation approaching the maximum at holiday time and there is no special problem involved therein.

AFFORESTATION.

36. Captain GARRO - JONES (for Sir R. THOMAS) asked the hon. Member for Monmouth, as representing the Forestry Commission, whether he will consider the possibility of extending the policy of afforestation now being pursued by his Department with a view to relieving present unemployment as well as replacing the national timber resources?

Sir LEOLIN FORESTIER-WALKER (Forestry Commissioner): No distinction is now made between the Forestry Commission's normal and relief work, the latter being met by adjustment of policy which included the adoption of an annually expanding planting programme. The Seventh Annual Report of the Forestry Commissioners, recently published, dealing with forest policy shows that the present position is not satisfactory and sets out some of the chief considerations which have to be borne in mind in laying down the future forest policy of Great Britain.

SAFEGUARDING OF INDUSTRIES ACT (IRON AND STEEL).

57. Mr. REMER (for **Sir FRANK MONDERSON**) asked the President of the Board of Trade whether, in view of the continued depression in the heavy industries and the increase in volume of imports of manufactured steel and iron goods, he will consider safeguarding this industry under the Safeguarding of Industries Act?

Mr. SAMUEL: I would refer my hon. Friend to the answer given by the President of the Board of Trade to the hon. Member for Penrith (Mr. Dixey) on 16th June, of which I am sending him a copy.

BUSINESS OF THE HOUSE.

Sir ROBERT HUTCHISON: May I ask the Parliamentary Secretary to the Treasury what Votes he proposes to take on Wednesday?

The PARLIAMENTARY SECRETARY to the TREASURY (Commander **Eyres Monsell**): The Estimates for the Ministry of Health and the Dominions Office will be considered in Committee of Supply on Wednesday.

SELECTION (STANDING COMMITTEES),

STANDING COMMITTEE A.

Mr. WILLIAM NICHOLSON reported from the Committee of Selection; That they had discharged the following Member from Standing Committee A: Major Sir Granville Wheler; and had appointed in substitution: Mr. Ellis.

Report to lie upon the Table.

WRITTEN ANSWERS.

UNEMPLOYMENT.

Boys.

Mr. C. EDWARDS asked the Minister of Labour the number of boys who have left school each year since 1921; the numbers of those who have found work; and the total number of boys who left school during that period and have never been employed?

Mr. BETTERTON: Information in reply to the first part of the question is given below.

Statistics as to the proportion of boys leaving school since 1921 who have found work is not available. Some information, however, bearing on the subject is contained in the Report of an Inquiry into the Personal Circumstances and Industrial History of a representative number of juveniles registered for employment in June and July, 1925. I am sending the hon. Member a copy.

The following is the information regarding school leaving:

The numbers of boys who are recorded as having left public elementary schools in England and Wales for employment, during each of the years ended 31st March, 1921-1926, inclusive, were as follows:

1921-1922	...	...	...	227,683
1922-1923	...	...	...	256,715
1923-1924	...	...	...	254,356
1924-1925	...	...	...	273,789
1925-1926	...	...	...	276,751

The numbers of boys who are recorded as having left secondary schools on the grant list in England and Wales, during or at the end of the school year (31st July), excluding those known to have entered other secondary schools and those whose parents removed from the district, were as follows:

1921-1922	...	...	...	33,019
1922-1923	...	...	...	35,754
1923-1924	...	...	...	35,839
1924-1925	...	...	...	34,920
1925-1926	...	...	...	34,217

As regards Scotland, it has not been possible in the time available to obtain figures regarding boys only: the following figures relate to boys and girls who

finally left grant-earning day schools in Scotland during each of the years ended 31st July, 1921-1926, inclusive:

1921-1922	...	...	...	91,883
1922-1923	...	...	...	91,933
1923-1924	...	...	...	93,549
1924-1925	...	...	...	91,937
1925-1926	...	...	...	88,497

BENEFIT DISALLOWED (MINERS).

Mr. C. EDWARDS asked the Minister of Labour whether his attention has been drawn to the numerous cases in which miners have been refused extended benefit on the ground that they are not making reasonable efforts to obtain employment; whether he is aware that in the majority of such cases it is a matter of common knowledge that at all the collieries in the neighbourhood large numbers of those normally employed in the colliery are out of work, and that to visit such collieries in search of work would be useless; and whether he will take steps to revise the Regulations as to the evidence required in such cases to prove that reasonable efforts have been made?

Mr. BETTERTON: These disallowances of benefit are imposed in almost all cases on the recommendation of rota committees, who have knowledge of local circumstances such as those referred to in the question, and I know of no reason for supposing that such circumstances are not taken fully into account.

TRADE AND COMMERCE.

WAGES AND PRODUCTION.

Mr. E. BROWN asked the President of the Board of Trade the amount of wages paid per £1,000 of production, in the years 1924, 1925, and 1926, respectively, in the following trades and industries: agriculture, mining, iron and steel, ship-building, brewing and distilling, cotton, woollen, lacemaking flour milling, and electrical appliances?

Mr. SAMUEL: I regret that I am not at present in a position to give information of this character. At a later date, when it becomes possible to make comparisons of the census of production figures and the figures of wages paid to workpeople collected by the Ministry of Labour, it is hoped to publish information

of this kind in respect of 1924. For the other years mentioned particulars are not available.

CONDENSED MILK.

Brigadier-General CLIFTON BROWN asked the President of the Board of Trade what is the number of factories in this country manufacturing condensed whole milk and separated or skimmed milk powders; how many employes do they employ; and how many tons of condensed milk and how many tons of separated or skimmed milk powder are manufactured in this country annually?

Mr. SAMUEL: I regret that the information asked for is not available, except as regards the quantity of condensed milk produced in this country in the year 1924. This latter figure will be ascertained in due course from an examination of the census of production returns, and will be published, when available, in the series of census of production reports issued each week in the "Board of Trade Journal."

POLICE (UNFOUNDED COMPLAINTS).

Colonel DAY asked the Home Secretary the number of unfounded complaints of incivility on the part of individual officers of the Metropolitan Police Force received for the 12 months ended to the last convenient date?

Sir W. JOYNSON-HICKS: To give figures would require a search through the records, which I do not feel justified in asking the police to undertake.

COAL TRADE DISPUTE (CONVICTIONS).

Mr. RHYS DAVIES asked the Home Secretary the total number of persons convicted, fined, and imprisoned, respectively, under the Emergency Powers; and the number, if any, still in prison at any given recent date, showing males and females, respectively, in each instance?

Sir W. JOYNSON-HICKS: The figures asked for in the first part of the question were given in reply to a question by the hon. Member for Gateshead (Mr. Beckett) on 25th May. (OFFICIAL REPORT, Cols. 2009-10.)

The number of persons detained for offences arising out of the emergency is 36, all of whom were convicted under the ordinary law and not under the Emergency Regulations. All are males; 10 are serving terms of penal servitude, 25 are in prison and one is in a Borstal Institution.

BOOKMAKERS (PROSECUTIONS).

Colonel DAY asked the Chancellor of the Exchequer how many prosecutions have been instituted by the Inland Revenue authorities against persons for carrying on the business of bookmakers without a licence in contravention of the Finance Act, 1926?

Mr. McNEILL: Up to 31st May, 139 persons were prosecuted for carrying on business as a bookmaker without having in force a proper certificate.

SERB-CROAT-SLOVENE DEBTS.

Sir H. FOSTER asked the Chancellor of the Exchequer whether he is now able to state the position of matters in reference to the indebtedness of Yugoslavia to this country; the amount of such debt; and whether any arrangement has yet

been come to for the liquidation of the debt?

Mr. McNEILL: The amounts of the debts of the Serb-Croat-Slovene Government to this country as on 31st March, 1927, are as follow:

	£
War Debt	29,492,000
Relief Debt	2,687,000
Debt for repatriation of Serbian nationals	187,000

No arrangements have yet been come to for the liquidation or funding of these debts, but I am informed that the Serb-Croat-Slovene Government are about to submit fresh proposals for a settlement.

SILK AND ARTIFICIAL SILK TAXES.

Mr. REMER asked the Financial Secretary to the Treasury the total amounts of Customs and Excise revenue received by the Treasury from silk and artificial silk in February, March, April and May, 1927, under the various headings of these taxes, including the amount of drawbacks refunded in the same months?

Mr. McNEILL: The information requested by my hon. Friend is contained in the following table:

STATEMENT showing the Total Amounts of Customs and Excise Revenue derived from the Taxes on Silk and Artificial Silk during each of the Months from February to May, 1927, inclusive.

Month.	Silk (Imported).				Artificial Silk (Imported).			
	Cocoons and Waste.	Raw.	Yarn.	Tissues.	Waste.	Singles Yarn and Straw.	Doubled or Twisted Thread.	Tissues.
1927.	£	£	£	£	£	£	£	£
February	7,343	11,264	17,420	251,485	166	15,969	545	92,640
March ...	4,880	13,588	16,436	309,789	596	20,124	278	123,468
April ...	11,388	9,504	19,485	257,897	674	13,733	653	116,788
May ...	11,850	13,669	16,940	225,484	915	24,296	Deduct 22*	117,252

Month.	Articles made wholly or in part of Silk or Artificial Silk.	Total Customs Receipts.	Deduct Drawbacks.	Net Customs Revenue.	Net Excise Revenue from Artificial Silk Yarn and Waste.	Total.
1927.		£	£	£	£	£
February	108,134	504,966	52,182	452,784	67,207	519,991
March ...	152,150	641,309	72,464	568,845	64,316	633,161
April ...	114,450	544,572	48,268	496,304	91,894	588,198
May ...	111,005	521,389	87,767	433,622	68,212	501,834

* Excess of repayments.

GOVERNMENT DEPARTMENTS (MARRIAGE GRATUITY).

Miss BONDFIELD asked the Financial Secretary to the Treasury what is the number of women, higher clerical officers, executive officers, lower clerical officers, superintendents of typists, shorthand-typists, copying typists, and writing assistants, respectively, who have been granted marriage gratuities since 1920?

Mr. McNEILL: The following particulars are available as to the number of resignations with marriage gratuity among established women staffs in the financial years 1923-24 to 1925-26 inclusive:

Executive grades	...	...	...	5
Clerical grades	...	...	...	764
Writing assistants	...	...	...	320
Typists and shorthand-typists, etc.	...	...	...	344
				—
Total				1,433

The particulars as to executive and clerical grades include certain posts above the basic grades and cannot be divided in the manner indicated in the question under reply. Figures for earlier years are not available.

NEW FOREST (TIMBER SALES).

Sir H. CROFT asked the hon. Member for Monmouth, as representing the Forestry Commissioners, how many oak and beech trees of 100 years old and more have been cut in the New Forest since 1st January, 1926; what has been the total number of cubic feet sold; and the average price per cubic foot received for their sale?

Sir L. FORESTIER-WALKER: 15,856 oak and beech trees of 100 years old and more have been cut in the New Forest since 1st January, 1926; many of these trees were in a very unhealthy state following repeated defoliation by caterpillars; 206,584 cubic feet have been sold, and the average price per cubic foot received for their sale was for the oak 10d. and for the beech 4d.

INDIA.

WORKMEN'S STRIKE, ROYAPURAM.

Mr. SCURR asked the Under-Secretary of State for India whether he can give

any particulars regarding the strike of about 1,000 workmen employed in the public works department workshop, Royapuram, Madras, on 31st May?

Earl WINTERTON: My Noble Friend has not yet received any detailed information regarding this strike.

Mr. SCURR asked the Under-Secretary of State for India the position of the strike at Massey and Company's iron works, Royapuram, Madras; and whether there has been any extension of the strike to other allied industries?

Earl WINTERTON: According to a report received from the Government of India, about 600 workmen of Messrs. Massey and Company's engineering workshops struck work on the 25th May as a protest against the dismissal of 30 men. The management is said to have decided to close the works department indefinitely. I have no information in regard to the last part of the question.

DR. MOONJEE.

Mr. SCURR asked the Under-Secretary of State for India whether he is aware that an order, under Section 144 of the Criminal Proceedings Code, has been served on Dr. Moonjee by the District Magistrate, Surat, prohibiting him from addressing or attending any public meeting in Surat or within a radius of five miles; and whether he can state the reason of the issue of such an order?

Earl WINTERTON: I have seen this fact reported in the Press. I have no definite information as to the reason for the order, but have little doubt it was due to the apprehension that Dr. Moonjee's speeches as President of the Hindu Mahasabha would exacerbate Hindu-Moslem relations.

CHOPWELL WOODS (EMPLOYMENT STATISTICS).

Mr. WHITELEY asked the Minister of Agriculture the number of men employed in the Chopwell Woods, County Durham, the number of hours worked per day, and the rate of wages paid per day or week?

Sir L. FORESTIER-WALKER: I have been asked to reply. The number of men employed by the Forestry Commission in the Chopwell Woods is 10. The number

of hours worked per day from Monday to Friday is nine, and on Saturday five. The rate of wages is 31s. per week.

HORSES (EXPORTATION).

Mr. AMMON asked the Minister of Agriculture whether he intends to do any-

thing to put in force the recommendations of the Departmental Committee on the exportation of horses to the Continent; and, if so, what action he intends to take?

Mr. GUINNESS: The following statement shows the action taken on the seven recommendations of the Departmental Committee:

<i>Recommendation.</i>	<i>Action taken.</i>
1. The attention of port inspectors should again be called to their powers to slaughter rejected horses.	This has been done.
2. The time has now arrived when the Ministry should insist on its full requirements as regards the fittings of vessels and that exemption should be for a definite period, and that the question of renewal should depend on the record of casualties, and on the number of vessels engaged in the traffic which fully comply with the Order of 1921.	This is being carried out where practicable when exemptions of particular vessels under review. Only small variations from standard is allowed and some of vessels already withdrawn from traffic on account of reduction in horse traffics and provision during last three years of 15 new vessels which entirely comply with standard regulations.
3. Opportunity should be taken by Order of the Minister of making it an offence to carry horses on a vessel when there are reasonable grounds for supposing that rough weather will be encountered on the passage.	Effect will be given to this recommendation by the issue shortly of an order on lines of recent Transit of Animals Order regulating cross channel and coastwise trade in cattle.
4. Local Authorities at ports should be required to provide a suitable place at which rejected horses could be slaughtered.	In last six years only 12 horses ordered to be slaughtered at port as being unfit to be kept alive. Considered unreasonable there to require Local Authorities at all ports of shipment to provide special abattoirs for this purpose.
5. Efforts should again be made to get the Belgian and Dutch Governments to amend their regulations with respect to the importation of horse carcasses.	Within the last few years efforts made without success to secure amendment of Belgian and Dutch regulations, and present time not considered opportune for making further representations.
6. Inquiries should be instigated by the Ministry into the trade in the export of horse flesh (dead), with particular reference to chilling of flesh and improvement of transport facilities.	The Ministry has made efforts to persuade shippers and shipping companies to improve conditions in carcase trade, but has no statutory control over it.
7. Port Inspectors should be under the direct control of the Chief Inspector.	This has been done.

SUGAR-BEET FACTORIES.

Mr. W. HIRST asked the Minister of Agriculture what is the average length of the manufacturing season at home-grown sugar-beet factories?

Mr. GUINNESS: The length of the 1926-27 manufacturing season, taking an average of all factories in England and Wales, was 114 days; the average for the 1925-26 season was 87 days.

if so, when the necessary legislation will be introduced?

Mr. ORMSBY-GORE: The first part of the question will require careful consideration, and I am not at present prepared to express an opinion on the point. No action can be taken until the local commission which is about to be formed has reported upon the nature of the modifications required in the constitution.

BRITISH GUIANA (CONSTITUTION).

Sir J. POWER asked the Secretary of State for the Colonies whether the constitutional reforms in British Guiana will involve any legislation by the Parliament of the United Kingdom; and,

AMANI INSTITUTE.

Sir J. POWER asked the Secretary of State for the Colonies if he is in a position to make any further statement as to the reorganisation of the Amani Institute?

Mr. ORMSBY-GORE: No, Sir.

MR. H. T. MILLS (CLAIMS AGAINST FOREIGN OFFICE).

Sir J. SIMON asked the Secretary of State for Foreign Affairs whether he is aware that Mr. H. T. Mills, late acting vice-consul at Monrovia, Liberia, submitted his claim for travelling expenses on the 14th February last; that the necessary vouchers were submitted by the 1st April; that payment of part of the expenses was not made until the 3rd May; whether he can give the reason for this delay and for the non-payment of the remainder of the travelling expenses; and whether, seeing that Mr. Mills submitted his claim for rent allowance on the 17th February, that vouchers in respect of this were submitted by the 4th March, that payment was not made until the 25th May, that he submitted his claim for high cost-of-living bonus on the 17th February, that payment of this claim has not yet been made, and that Mr. Mills informed the Foreign Office on the 5th May that he would shortly be leaving England and desired a settlement before his departure, he can facilitate the prompt settlement of this claim?

Mr. SAMUEL: (1) Travelling expenses.—The facts are as stated. The reason for the delay was that one of the items in the claim was for Mrs. Mill's passage; no evidence was furnished to the effect that this had been paid for by Mr. Mills, and correspondence with him took place on the subject. As the result of this correspondence it was established that Mr. Mills had not in fact paid for Mrs. Mill's passage, and he was accordingly informed that payment for it would not be made to him by the Foreign Office. This is the item to which the right hon. and learned Gentleman refers as remaining unpaid.

(2) Rent allowance.—The delay in making this payment arose from the fact that Mr. Mills's claim included sums which he had expended, without obtaining the prior sanction of the Foreign Office or of his superintending officer, in excess of the amount which he had been authorised to expend. A special request had therefore to be made to the Treasury, and correspondence with the superintending officer was also necessary. Treasury sanction for the excess expenditure was obtained on 21st May, and payment was made on 25th May.

(3) Cost-of-living bonus. — Delay in payment of this bonus which is based on the cost of living in Monrovia, arose in this case, as in the case of other officers in countries which do not publish statistics of cost of living, owing to the difficulty of establishing the correct level of prices. A figure is now available, however, and payment will be made as soon as Treasury approval of the figure, which is now being sought, is received.

It will be seen from the above that the delay which has occurred in this case was inevitable.

PEMBROKE DOCKYARD.

Sir R. THOMAS asked the First Lord of the Admiralty what is the present position in regard to Pembroke naval dockyard; whether work of any kind is proceeding there; and how far the closing of this base entails the abandonment of the Milford Haven forts and other military establishments?

Lieut.-Colonel HEADLAM: A considerable portion of the dockyard has been leased to a firm of shipbreakers who are carrying on operations there. The intention is that Pembroke dockyard is to be kept ready to be re-opened at short notice in the event of war. In view of the possible naval use of this port in time of war, the defences cannot be abandoned and are being reorganised.

EDUCATION (ULTRA-VIOLET GLASS).

Sir R. THOMAS asked the President of the Board of Education whether his attention has been drawn to a new kind of glass, called vitaglass, through which the health-giving rays in daylight pass without hindrance; and whether, in view of the fact that ordinary glass entirely cuts off these rays, he will authorise the universal use of vitaglass for new windows and replacement in all schools?

Lord E. PERCY: I have nothing at present to add to the reply given by me on the 17th February last to the hon. Member for North Lambeth (Mr. Briant), a copy of which I am sending the hon. Member.

ORDERS OF THE DAY.

SUPPLY.

[9TH ALLOTED DAY.]

Considered in Committee.

[Lieut.-Colonel SPENDER-CLAY in the Chair.]

CIVIL ESTIMATES, 1927.

CLASS I.

TREASURY AND SUBORDINATE DEPARTMENTS.

Motion made, and Question proposed,

"That a sum not exceeding £198,158, be granted to His Majesty, to complete the sum necessary to defray the Charge which will come in course of payment during the year ending on the 31st day of March, 1928, for the Salaries and other Expenses in the Department of His Majesty's Treasury and Subordinate Departments.—[*Note.* £120,000 has been voted on account.]

Mr. WILLIAM GRAHAM: I beg to move to reduce the Vote by £100.

It is now some years since we had an opportunity of having a discussion on the Treasury Vote, although this is one of the Estimates which may give rise, and ought to give rise, year by year to Debates of first-class importance. We have asked for this Vote for the purpose of discussing one or two questions which have recently been raised by hon. Members in different parts of the Committee, and the two questions on which, personally, I invite an expression of opinion from the Chancellor of the Exchequer are, of course, purely administrative in character but of great importance. They relate, in the first place, to recent changes in the higher personnel of the Civil Service, and, in the second place, to the decision which the right hon. Gentleman intimated, in reply to my hon. Friend the Member for Finsbury (Mr. Gillett) regarding the request or suggestion of Mr. McKenna made at the annual meeting of the Midland Bank shareholders for some inquiry into the position of our central banking institution in Great Britain, as compared with the American Federal Reserve system, and the bearing of both on our industry and commerce, more particularly on the depression of the past five or six years.

The second of these questions is undeniably far more important, but if the

Committee will bear with me, I will at the outset briefly discuss the first—that relating to changes in the Civil Service personnel. We in the House of Commons are intimately associated with the Civil Service, and we know that the Treasury, as the Department which includes the Controller of Establishments, is the Department—particularly that branch of it which is under the Financial Secretary to the Treasury—which has a very great responsibility for the efficiency of the service and for its encouragement from time to time. I begin this afternoon by making it plain that we on this side of the Committee do not join in that consistent attack which is made on the Civil Service by certain organs of the Press in this country and by a certain section, though I trust only a limited section, of public opinion. It is plain to all of us that if the Civil Service is to reach its highest efficiency it must be safeguarded, since it cannot reply for itself, against unfair attacks of that description. Although we are not here to suggest that the members of the Civil Service do not from time to time, like all of us, fall into error, the object of raising this question is one which is wholly sympathetic to the Civil Service as such. We approach it purely from the point of view of the public interest, and certainly from the point of view of the efficiency of the service.

Some time ago, there was announced in the Press a series of changes in the higher administrative personnel, which could not fail to attract the attention of Members of Parliament. On that occasion seven or eight changes of great importance were announced, and, in particular, there were changes which involved the resignation from the service of the Controller of Finance at the Treasury on his acceptance, as from 1st August, of a post in the Bank of England, and the combination of the duties of Controller of Finance and Controller of Supply Services at the Treasury under a civil servant of great distinction who, up to 1st August, will be Chairman of the Board of Inland Revenue. The change involved at the same time the resignation of the Controller of Supply Services—of course, both of these resignations being purely voluntary in character. In one case it meant that an official was leaving the Civil Service to become our representative on the Anglo-Persian Oil Company,

[Mr. W. Graham.]

and in the other case, the official who will leave the Civil Service is proceeding to a great sphere of influence and public service in this appointment in the Bank of England. While these things are perfectly true, the changes for the State are of very great significance. Other changes were announced at the same time, the details of which I need not specify, but one of them involved the transfer of the Secretary of the Mines Department—that Department being then, as now, under sentence of death—to the Chairmanship of the Board of Inland Revenue, and a number of other transfers of that kind.

Let me approach one or two of the questions which we have particularly in mind. Hon. Members will begin by wishing to retain for the service of the State the ability and power and experience of those civil servants who have been for many years in our employment. Certainly, when we compare the attractions which are offered by outside employment in certain cases to leading civil servants with the emoluments even in the higher branches of the Service, we are obliged to confess that it is surprising, on the whole, that more men do not leave the Service. That there is a certain encouragement in superannuation and other rights is not denied,

4.0 p.m. but those rights are being increasingly provided in outside employment. Men are content to remain in it because they love the Civil Service, because they like the form of the work, and, on the whole, the loss to the State under that head is comparatively small. But these changes at this juncture are important. The point which arises here is whether we do all in our power—and am not referring here to the salary and other emoluments—to give them that encouragement to remain in the Service, and whether a good deal more might not be done under that head? I am driven to the conclusion that one of the indirect effects of this form of agitation or attack, continued year by year, is to dishearten men who have been energetic and public-spirited in our service, and perhaps to encourage them to look for other employment outside when they have still great duties which they might render to us. Be that as it may, I dare say the overwhelming opinion, probably the unanimous opinion, of this House is that we must set our faces

against campaigns of that description, and more on that head need not be said this afternoon.

We come now to the other consideration. Most hon. Members, if they were asked what is the general practice or policy of encouragement in the Civil Service, would say that, probably, to the best of their knowledge, the Service is very much like an ordinary business undertaking where men are trained up in one department after another, and are led to hope that if they render efficient service, they will, in due course, be at the head of the departments to which they are attached, or, it may be, at the head of an adjacent department for which their experience qualifies them. That has been the theory held by a large number of Members of this House, although we recognise this afternoon that frequently departures from that theory and practice have been made by the appointment of men to certain departments or branches of our Service or by their transfer when a course of that kind was deemed to be desirable. The recent leading changes, almost wholesale in character, raise the question in many minds in this House, and I think in many minds outside, as to whether there had been any great departure from this principle within the Civil Service? Within recent times—and here, of course, and throughout the speech, I make no reflection upon individual civil servants, because I have no reason to have other than the highest admiration of their work—but within recent times it has been suggested that there has been a tendency to build up a group of what we might call general managers within the Service, that is, men, no doubt of outstanding ability, who have served in different departments, and who might be regarded as a group—I will not say a pool, because that is now, perhaps, an inaccurate word to use—for appointment to different departments as may be deemed desirable by Ministers of the day, with whom the responsibility must rest, on the advice of this group or body of leading civil servants themselves, in so far as that advice is invited or tendered in making the appointments.

That is, in reality, the important consideration which, I think, the Committee should have before it this afternoon. What method is best calculated to get

the maximum return from the Civil Service in the way of the discharge of public duty, and to encourage the personnel of of the service itself? Will that be better encouraged by adhering, as far as we possibly can, to the system of departmental promotion, or will greater encouragement come from the presence of that group of what I call general managers who are available for appointment as heads of those departments on something like the principle which, a week or two ago, when these changes were announced, was apparently in force? I make it plain that this is a matter of very great difficulty for any Member of the House of Commons. It is not a question in which we can draw a hard-and-fast line, but I would be inclined to say that, before we part to a substantial extent with the system of steady departmental promotion, we should have one or two important points in mind. There cannot be the least doubt that the most efficient discharge of duties in the Civil Service to-day, at a time when the functions of the State have enormously increased depends, to a great extent, upon a considerable amount of specialisation, that is, the civil servant is trained in a department; he grows up through years of experience in that department; and when, on that principle, he arrives at the top, he will be familiar not only with the details of the department of which he has been a member, but also with the broad policy which is particularly what is under examination when he comes before the Public Accounts Committee of this House to-day rather than strict figures of Departmental expenditure. When we look to post-War conditions the plea for that specialisation becomes even more pronounced.

I can best illustrate it by describing one of the important changes which have taken place. Notice that under this scheme—and of course it is altogether administrative in character; there is no question of legislation—the Government will combine—here, of course, the Chancellor of the Exchequer is responsible—the duties of the Controller of Finance with those of the Supply Services, and to that combination, which of course means a far greater strain upon the holder of the office, you bring a distinguished civil servant who has been Chairman of the Board of Inland Revenue. The thought that would occur to anyone

who has had even a brief experience of the Treasury, and must occur to many Members of this House, is that while admitting the ability of the Civil Service in adapting itself to new duties—I am not raising any point of that kind this afternoon—in the Controllershship of the Treasury you have an official who is in immediate contact with the Bank of England and must deal in fundamental problems of our national finance. In the second place, the Controller of Finance is responsible to a large extent for inter-Allyed financial problems, for the discussion of reparation problems with other nations and for a wide variety of issues of first-class importance, involving directly and indirectly thousands of millions of the money belonging to the people, or likely to belong to them—I hope some of it will—in times to come. Surely, it is plain that in circumstances of that description it will be in the national interest to rely upon an official who has the necessary experience or what I will call the historical background for the discharge of the duty, and I would say that, however able he may be from every point of view, it would be very difficult indeed for the holder of that combined appointment to place his finger readily and easily on all the facts and all the evidence in the very difficult times in adjustment of our relations with the Bank of England, in currency policy, and in other matters to which this country is moving. Did the Government have that in view when these changes were made, and was the element of the departmental experience, which is of vital importance in this connection, sufficiently emphasised? I think that the House of Commons, and probably the country, will expect an expression of opinion from the Chancellor of the Exchequer this afternoon.

There is another side to this question. I alluded a minute ago to the fact that this office had been combined with the control of the Supply Services. What in practice, does that mean in our national finance? In this Department of the Controllershship of the Supply Services you have a leading civil servant who is responsible for a general review of all that relationship which exists between the State on the one side and the local authorities on the other. And when you consider what the local authorities are spend-

[Mr. W. Graham.]
ing, and what the State is contributing to the local authorities, you have there, again, £200,000,000 or £300,000,000 of expenditure of one kind or another every year. Moreover, at this juncture, that problem is under close inquiry and investigation, because the Government indicated some time ago that they proposed to find, if they possibly could, some method of replacing the existing system of percentage grants by a form of overhead or block grants.

That inquiry is proceeding at the present time. Whatever the decision, it is of vital importance to the Chancellor of the Exchequer, and it is certainly of vital importance to the local authorities, especially if it means the transfer of certain burdens now borne by the State to the local authorities. There, plainly, you have a point of very great importance at a time of difficulty in industrial recovery, when rates, in many cases, are a greater burden than the burden of national taxation itself. Just at this juncture, when you have those very difficult questions before the people—and they are largely matters of finance—you combine these two offices, and you bring to the two offices a man for whom many of us have the greatest regard but who has not been in Departmental touch with these problems in recent years. Far be it from me to suggest for a moment that that distinguished civil servant will not be equal to the strain. That is not my case. My case is rather to ask whether there is not great danger or some risk to the national interest in the combination, and in placing the chief responsibility in one who has not the historical background in strictly Treasury experience which many believe to be necessary in the circumstances described.

That is a concrete illustration that I give of the importance of this change. It may be necessary, to some extent, to modify the old system of Departmental promotion, because I do not suppose it is disputed that certain Departments in the past tended, under that system, to drift into not the strongest personnel by any means by which they might have been manned, and that outsiders—within the Service, of course—had to be called in. Be that as it may, even if you do modify the system of Departmental promotion,

are you not going too far in setting up a group, or attempting to set up a group, of general managers, if the effect of that is going to be to make a considerable section of the administrative class of the Civil Service feel that, however hard it works, however efficient it is, and however it exerts itself to study its subject, it cannot reach the head of the Department in which its experience has been built up? That calls for the serious consideration of this House.

I come, in the second place, to what is the more important part of our appeal, and here we are dealing with a subject of very great technicality, in which large numbers of business men, a large section of the movement to which I belong, and many others are keenly interested at the moment. At the annual meeting of the shareholders of the Midland Bank, Mr. McKenna made an elaborate plea for an impartial inquiry into our system of central banking, by which, of course, he meant the Bank of England, and the working of our general credit and currency system, and when my hon. Friend the Member for Finsbury asked the Chancellor of the Exchequer whether he would be prepared to facilitate an inquiry of that kind, the Chancellor replied that at that stage he did not think a sufficient case had been made out. He went on to add that he was nervous, as I gathered, of the unsettling effects that such an inquiry might have in many directions, and on these grounds—and probably on others for all I know—the request was refused. That was, of course, an administrative act on the right hon. Gentleman's part; it was a Departmental decision, and it is, therefore, perfectly appropriate matter for debate when we take the Treasury Vote this afternoon. But here is an issue of first-class importance to British industry and commerce and also to the employment of large numbers of our people, because there is a widespread opinion in business and other circles at the present time that some part of our depression—I could not measure the amount—is due to the currency and credit policy which we have pursued in this country in preparation for a return to the gold standard since 1921.

Let us be perfectly clear and fair as to the nature of Mr. McKenna's appeal. This, of course, is no party matter,

because men in all parties agree with it, and in all parties there is very considerable difference of opinion. I am going to try to state the case as impartially as I can, in order that from the right hon. Gentleman we may get some expression of the Government's views. Mr. McKenna took the year 1921, and he referred to the divergence, as he described it, between American credit and currency policy under the federal reserve system since that time, as compared with the policy which we have pursued in Great Britain—admittedly a policy pursued by successive Governments, and designed to restore our credit and to provide conditions that would lead to an easier return to the gold standard, adopted in the decision of the Government in April, 1925. He then went on to contrast the apparent prosperity of the United States of America, on the one side, with those five or six years of industrial depression in this country on the other. Making allowance for the exceptional period in 1924, in which there was some little interruption of that prosperity in America, most hon. Members will agree that the United States have enjoyed remarkable material success, and we, on the other side, have made very little inroad upon the unemployment and the depression which have overtaken us. I do not ignore—and, of course, it would be perfectly idle to ignore—the extent to which we have been adversely affected by industrial dislocation. Whatever view we take of the causes of that dislocation, its economic effects are perfectly plain to everyone, but even when allowance has been made for that, it is possible to raise a very large question as to whether there is anything in this divergent currency and credit policy which will partly explain our difficulties, as compared with the United States.

A great deal of discussion has taken place since Mr. McKenna made that speech. The speech was diametrically opposed to that of another chairman of one of the leading banking institutions, and I would say that on that ground alone you have a case for inquiry, because plainly, when you have two of the leaders of the large banks, two of the Fig Five in this country, laying down manifestly contradictory doctrines, what is ordinary business in this country to believe, and what are the masses of the people to

believe? I should think nine people out of ten would say that if these great authorities differ, the very least you can undertake is some kind of inquiry, at least to ascertain the facts, because we want every instrument we possibly can get for the restoration of our industry and commerce, and it is my belief that the recovery will come, not by one route, but by several routes. And if this is a conceivable route, it is worth exploration. Those two authorities were in flat contradiction.

The CHANCELLOR of the EXCHEQUER (Mr. Churchill): What two authorities?

Mr. GRAHAM: Mr. McKenna and Mr. Goodenough. So that, *prima facie*, you have some kind of case for inquiry, even if nothing more was said. Pursuing the argument a little further, we have to recognise, of course, the very great difference in American conditions. America got, as we know, an enormous quantity of the world's gold, and she still holds it, and it might be argued that American prosperity has been due to some extent to the use of that gold reserve, at all events, for the purposes of moderate inflation. Most of the authorities seem to argue that America has steered clear of inflation, except perhaps to a very limited extent; that, in point of fact, she has sat on the gold reserve for the express purpose of keeping free of a difficulty of that kind; and if you take the price level as a test, I am inclined to agree that on that test she has established a very large part of her case. Then we have to keep in mind that America has had the advantage of debt settlements, which compare rather favourably with such debt settlements as this country has been able to obtain, and it is also true that we are, I am afraid, now certain to make a very large part of the financial sacrifices arising from the War.

Mr. CHURCHILL: How has America the advantage?

Mr. GRAHAM: In that they have achieved settlements, and we still have settlements to achieve.

Mr. CHURCHILL: The right hon. Gentleman must compare like with like; he must compare the American settlement with Italy or the American settlement with France with the British settlements with those countries.

Mr. GRAHAM: What I have in mind this afternoon is the general problem of War contributions and debt settlements, and I would be inclined to say that, on all the analyses, America is comparatively in a much better position to-day than this country.

Mr. CHURCHILL: The only respect with which she is in a better position is because of the settlement which she has made with Great Britain, and it is not open for Great Britain to make a similar settlement with Great Britain.

Mr. GRAHAM: No, but the point I am making is that, taking everything into account, America has—I will put it another way—shouldered very much less of the burden, proportionately, than has fallen to us in this country.

Mr. CHURCHILL: That is quite true.

Mr. GRAHAM: All these considerations are present in the American situation, and probably to some extent they undermine, or at all events modify, the comparison upon which Mr. McKenna embarked; but in the long run he came down to this, that when an analysis was made of the currency and credit operations under the federal reserve system, as compared with what we had in practice in this country under the Bank Charter Act of 1844, there was a greater elasticity in the American system, and that is the argument which has since been generally used. There, again, you have a mass of technical detail, and I certainly will not attempt to detain the Committee with it this afternoon. I am perfectly well aware that high technical authorities dispute that contention, and that they argue that we have had just as much elasticity in credit and currency in this country under our system as they have under the federal reserve operation in the United States. Be that as it may, there remains a body of opinion which attributes at least a part of that American prosperity in those years between 1921 and the present day to a greater freedom within the federal reserve system than we have enjoyed in the corresponding period, even when allowance is made for the difference in position between the two countries, and so they throw in their lot with the Chairman of the Midland Bank in favour of this inquiry.

Now, may we turn to the nature of the reply which the Chancellor of the Exchequer gave? He said that it might have an unsettling influence in many directions. I can only try to indicate what probably would be at the back of his mind in this connection, but I imagine that he had in view the danger of any statement which could be interpreted as implying even a bare possibility of inflation in Great Britain. A speech was made some years ago by a Conservative Minister now outside this House—he was then, I think, a Member of this House—who suggested that our currency and credit policy might be altered in such a way as to provide for some inflation, and I very well remember the anxiety that was caused at that time and the steps which were taken almost immediately to correct the impression he gave. Now it is, of course, only fair to Mr. McKenna, and it is only fair to our own judgment in this matter, to say at once that Mr. McKenna had not in view either inflation or deflation. In that speech to the shareholders of the Midland Bank both were excluded, and speaking quite for myself, from this part of our argument to-day they are also excluded.

I think that this inquiry can proceed without any risk of that kind, but even if the Chancellor took another view and felt that there was a danger in it, he might very well say that the possibility of even mild inflation was excluded, but on the technique of the inquiry, he was willing to proceed, and by that I mean the operation of the Bank of England system and the extent to which there is in fact avoidable restriction in the holding of the gold reserve and the regulation of our credit and currency policy. The plea for that inquiry has been supported by facts of impressive importance within recent times. It was pointed out some days ago at a gathering in London that of all the numerous countries which had embarked upon a reconstruction of their financial machinery since the War, very few, if any, have adopted the central banking system which is in force in this country. In point of fact, the schemes which have been put into operation are very much nearer to the American federal reserve method, and, if that be true, we are bound to ask whether all is finally well with our machinery.

May I urge one consideration in conclusion? The Chancellor of the Exchequer may say that this is a very risky moment even for an inquiry, because, as the Committee know, we are approaching the time when there will be an amalgamation of the currency note issue and the Bank of England note issue and determination of the very important question as to the point at which the amount of gold behind that amalgamation is to be fixed. Of course, it is plain to all of us that before this Government, or any Government, can approach a decision in this matter they must themselves engage in very elaborate private inquiry into the problem. My case this afternoon is that so far as there is any material for those inquiries which is available for the guidance of industry and commerce it should be placed at their disposal now. Even if industrial dislocation passes away, even if we get rather more favourable access to markets than appears to be possible at the moment, we shall be admittedly making a very small inroad upon what I would call deadweight unemployment. I do not fear, speaking again for myself, a slight increase in our price level in this country as altogether undesirable if that increase means a compensating stimulus to industry and commerce. If hon. Members will recall what was written by Sir Josiah Stamp in a minority report of one of the investigations into the coal problem, they will remember that the operation of this preparation for a return to the gold standard was there related, in a very clear way, to a first-class industrial issue: and that, of course, is only one illustration. If there were to be some change in the price level, what we have to do to-day in an inquiry of this kind is to weigh up the advantages and the disadvantages of that change. The Chancellor of the Exchequer may say that that will involve burdens for the State, and it will be to some extent going back upon all that we have done in the restoration of our credit.

Mr. CHURCHILL: I say it would involve a reduction of wages.

Mr. GRAHAM: I am not sure it would, but, on the other hand, so long as this depression lasts the State has to carry very heavy burdens of an entirely or very largely unremunerative character; because to-day our financial

system is honeycombed by a mass of outlay on unemployment benefit and by ill-concealed subsidies of one kind or another which to some extent might be reduced—I should think would be largely reduced—if we could stimulate industrial recovery. Though these serious problems, which I have done nothing more than summarise this afternoon, are the ingredients of controversy at the present time, I want the Chancellor of the Exchequer to believe that, much as we are opposed to this Government, they have not been presented in any purely party spirit. The right hon. Gentleman knows that within his own circle of advisers, those advisers which are at the disposal of every Chancellor of the Exchequer, there is wide difference of opinion, and the Association of Engineers, through one of their spokesmen in London the other night, indicated very clearly that in their belief, speaking for a large number of industrialists in this country, a case had been made out for the kind of inquiry which Mr. McKenna had in mind. It seems to me that it is insufficient for the Government to turn round and say that the effect would be unsettling. The unsettling effects of unemployment and distress, the loss of markets, and all the rest of it, are with us; and my view is that if we make the inquiry on proper lines, avoiding, for the purpose in mind, inflation on the one hand or deflation on the other, and confining it to the technique of this central institution, we may arrive at facts of first-class importance to British industrial recovery, and in that way may open out rather brighter times for, at all events, the million people who are still unfortunately unemployed.

Sir FREDRIC WISE: I had no idea that this particular subject was to be raised this afternoon, but I do congratulate my right hon. Friend the Member for Central Edinburgh (Mr. W. Graham) on bringing up these two important matters. I do not propose to deal with the first point he raised, with regard to the Civil Service. He knows far more about the Civil Service than I have the opportunity of knowing, but nobody can do anything else but praise the Civil Service for what it does in this country. His second point is, indeed, a most technical one, but it is a most important one, and is affecting this country

[Sir F. Wise.]

probably far more than the Committee realise. As he says, this is no party question. Strange to say, only to-day, although, as I say, I did not know the matter was going to be raised, I put down two questions which really affect what my right hon. Friend has said. In the first question I asked the Chancellor of the Exchequer

“if he can state the pre-War currency per head of the population and the currency per head of the population on the 31st March, 1927 (notes and gold).”

I have not yet received the answer to that question because, naturally, it involves a large number of figures which could not be given on the Floor of the House. My second question was to ask the Chancellor of the Exchequer

“as the recent Whitsuntide demands brought the Treasury note issue to within about £1,000,000 of the fiduciary maximum if he will consider setting up a committee to consider this technical financial problem.”

My right hon. Friend the Financial Secretary to the Treasury said in reply to this question it was not unusual for the maximum fiduciary issue to reach near the limit during the holiday period. That is quite right, but I do not think that the maximum has ever before been so near the actual limit in the Whitsuntide holidays, and that makes one feel that this question should be looked into, be the subject of an inquiry. The Cunliffe Committee, which reported in 1918 and again in 1919, stated, as far as I remember, that the fiduciary issue should be settled after there had been £150,000,000 of gold reserve in the Treasury for a certain period, the actual period not being mentioned. To the best of my recollection, in December, 1924, the Treasury had a little difficulty in regard to the maximum limit of the fiduciary issue, and the actual amount went within £45,000 of the maximum limit, and I think that was after the transfer of a very large block of Bank of England notes to the support of the fiduciary issue. The fiduciary issue was fixed, as far as I remember, at £248,000,000 for 1925, the limit for 1926 was £247,000,000, and the limit for this year is £246,000,000.

I contend that my right hon. Friend the Member for Central Edinburgh is correct in saying that the system is not

elastic enough. We have the experience of the Dawes' Report. So far as I remember, the Dawes' Report, which set up a central bank in Germany, gave elasticity to the fiduciary issue in Germany. There was to be a fixed amount, and if the fiduciary issue went beyond a certain amount the central bank had to pay a commission on or an increased interest on the amount by which it exceeded the actual limit. The federal reserve system, also, is more elastic than our Bank of England process, and the American is almost the same organisation as was set up under the Dawes Report. The question comes down, really, to the credit of the country, and the amount of credit a country can stand without inflation. I do not want inflation, but I like elastic credit. We have got to consider even the arrangement that was made recently between the Governor of the Bank of England and the President of the Bank of France. I contend that was a welcome arrangement, because it meant closing up the War debts between the Bank of England and the Bank of France, but the position affected our credit very considerably. After the arrangement had been made, France purchased about £11,000,000 of gold from ourselves or the United States of America, and that affected our credit. Anybody who watches the price of Treasury Bills will know that the price went up about 10s. after France started to purchase gold in this country. In regard to the United States of America, when severe depression was experienced there in 1921, and there were a large number of unemployed, I understand that a certain amount more gold was used, and eventually that gold gave more credit and work and employment expanded into the United States. Employment was found for the men and women who had been out of work. Like my right hon. Friend the Member for Central Edinburgh, I think there is a matter for inquiry, especially as Mr. McKennar, the Chairman of the Midland Bank, differs from Mr. Goodenough, the Chairman of Barclay's Bank. Both these gentlemen are men of experience in regard to matters of credit, the fiduciary note issue, and technical subjects like that, and I hope the Chancellor of the Exchequer will set up a Committee to go into this technical subject.

I will leave this question now, however, because I feel it is almost too technical to debate in Committee here, and turn to a few questions in regard to this Estimate. First of all, I notice that the Advisory Committee under the Trade Facilities Act expended £5,736. The total amount allowed by the House of Commons for trade facilities was £75,000,000; according to the last White Paper the actual amount was £74,251,000, and that will be gradually reduced. I note that there are nine officials attached to that department of the Treasury, and that the legal expenses are £4,500. Why are these legal expenses necessary? What are the losses in connection with the Trade Facilities Act? What is the position of the Newfoundland Paper and Power Company? How is the large amount of £9,500 representing appropriations-in-aid made up? I should very much appreciate it if, when the Chancellor of the Exchequer or the Financial Secretary comes to reply, he will give me a few more details with regard to this Trade Facilities Act.

I come next to the offices of the Cabinet Committee, the Imperial Defence Committee and Civil Research. These three departments are lumped in one as far as the details are concerned. The total amount of expenditure is £18,679, with 42 officials. I am unable to gather how many officials are attached to the Committee of Imperial Defence, but I remember hearing a speech made in another place by Lord Oxford and Asquith on the 22nd March, 1927, in regard to national expenditure, and he stated as follows:

"I refreshed my memory to-day as to what was the staff of the Committee of Imperial Defence. When I was first actively concerned in it, 1906-7, the staff consisted of one secretary, two assistant secretaries, one confidential clerk, and one boy. Four men and a boy was the total staff of the Committee of Imperial Defence who were engaged in thinking and planning and performing all these functions which my noble Friend so eloquently described. I have the figures now for 1913—seven years later, and the year before the War broke out. In 1913 the staff had reached the following dimensions: One Secretary, three assistant-secretaries instead of two, one confidential clerk, one military clerk, one assistant-clerk (who may have been the boy who by this time had grown up). In other words, we started with four men and a boy and we finished up with a staff of seven."

That was the view of Lord Oxford and Asquith. Perhaps my right hon. Friend

could state how many officials are now attached to the Committee of Imperial Defence, and perhaps he would kindly give to the Committee the actual staff attached to the Treasury on the 31st March, 1914, and the cost of that staff. I would appreciate very much a reply to these questions in due course, and I feel confident that if an inquiry could be set up as suggested by the right hon. Gentleman the Member for Central Edinburgh (Mr. Graham) it would be an asset, and a good thing for this country.

Mr. PETHICK-LAWRENCE: I desire to associate myself with the proposals which have been put forward by my right hon. Friend the Member for Central Edinburgh. With regard to the second question which he raised, I wish to put forward the matter from a slightly different angle. Recent experience of this country has shown how dependent we are upon movements abroad with regard to our credit and our financial position. It is only a few weeks since there was a considerable flutter in the money market when it was known that several millions of gold were being withdrawn from this country. This incident was described by the hon. Member for Ilford (Sir F. Wise). The bank rate, instead of falling, remained stationary, and conditions generally became more stringent. As a result any fillip that might have been given to business with the season tended not to come into being, business became stagnant, and trade and industry generally were handicapped in a way that always occurs when something in the way of deflation takes place.

When the mystery came to be revealed and it was found that the reason for this withdrawal of gold was due to the French Government, to some extent the feeling of anxiety was checked. But I would suggest that so far from being a relief, the business and the banking world ought to have felt even greater apprehension because in my view it is not actually what was done, but the potentiality of what might be done that gave the greatest alarm. I understand that the French Government have in this country balances of over £100,000,000 sterling. Whether that be right, or an exaggeration I do not know, but at any rate they have a very considerable amount and, of course it is open to them at any time to withdraw a considerable part, if not the whole, in

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the form of gold. That case does not stand alone. All over the continent of Europe and other parts of the world, there are countries which are considering the obtaining of a larger amount of the yellow metal. Only recently India has determined, in effect, to go upon the gold basis, and although the Government of that country have not decided to obtain a large stock of gold up to the present, they may any day come to a decision that they desire a large gold reserve. What is true of India is also true of other countries.

This is an exceedingly serious problem, more particularly for this country, which is so dependent upon exports, and therefore upon some price level which can remain stable and can be relied upon. In this connection I am reminded of the case of Egypt. It is essential to the people of Egypt that the River Nile should keep up a certain level and in consequence of that the Egyptian people recognise that they must at all costs preserve a reasonable flow of water in the Nile. I remember not long ago when there was some question in this House of threatening the Egyptian people with a loss of water supply it became a matter of first-class importance. At once the Egyptian people proceeded to take action to obtain assurances that that threat would not be carried into effect. In this country the very life-blood of trade and commerce depends upon maintaining a stable level in prices which depend upon the quantity and the flow of gold. That is essential to trade, and if the unemployment problem from which we are suffering at the present time is to be remedied, it is essential that we should get control of these supplies of gold.

In the days before the War this country was the world centre of finance, and the financial policy adopted here was the one which ruled throughout the world, and we had our own say in the matter. The situation, however, has changed since the War, and now we cannot control the whole situation ourselves. While going all the distance which my right hon. Friend the Member for Central Edinburgh has outlined, I should like to go one step further, and I ask the Government what steps they are proposing to take to rationalise the supply of gold. When I say "the supply," I do not mean the production of gold, but I mean the supply in

the various countries. When I use the term "rationalise," I do not mean to ration, but I use the word in the sense it was used at the Economic Conference at Geneva. There it was pointed out that to secure world production for the benefit of the peoples of the world, it was necessary to rationalise industry, and in the same way I suggest it is necessary for all countries, and particularly for this country, to rationalise the supply of gold.

It will be remembered that several years ago at the Financial Conference which was held at Genoa it was proposed that the Bank of England should organise a conference of the central banks of the world, and that at that conference should be discussed the best method of doing what I now call rationalising the supplies of gold with a view not merely to stabilising the exchange, but to stabilising the level of prices throughout the world. I suggest that the time has come, in fact it is much overdue, when that conference, for which a desire was expressed several years ago at Genoa, should now be brought into operation. It is possible that in answering this point the Government will say that such a conference is, in fact, actually proceeding, because to-day in New York, I understand, there is a conference of representatives of the banking systems of the United States, France, Germany, and of this country, meeting in conclave on this very question. But, in my view, that private and unofficial conference is not adequate because it is not representative of all the principal countries in the world, and more especially it is not adequate because it is purely private. I agree it may be desirable that we should have some private preliminary conference, but it is of the utmost importance that you should follow that up by a public official conference in order that these problems may not only be discussed, but that the findings, and the main grounds for them, should become public property so that the agreements which have been reached—it may be originally in private conferences—may ultimately be put into concrete and public form, so as to be available when the time comes.

I desire to raise one other point besides those which have been raised by my right hon. Friend the Member for Central Edinburgh. I wish to refer to the method of keeping some of the accounts in rela-

tion to the Sinking Fund. The Sinking Fund is a highly technical proceeding which the general public have an idea is of a fairly simple character. The general public are of the opinion that the Sinking Fund is the amount by which the National Debt is reduced each year, that is to say, the amount by which the liabilities of this country are discharged. I have known even financial experts in this House who took that view. For example, some £40,000,000 was paid to the Sinking Fund last year and people are of the opinion that the National Debt of this country was discharged to the extent of £40,000,000 last year.

Sir F. WISE: The amount was £23,000,000.

Mr. PETHICK-LAWRENCE: Yes, I am wrong, the amount was £23,000,000. The impression that the whole of that went to the discharge of the liabilities under the Sinking Fund is entirely erroneous. The actual fact is that for many reasons it was far less. We have in the first place various specific Sinking Funds, and in recent years the number of these Funds has increased. If hon. Members refer to the Return issued by the Treasury, it will be found that some £40,000,000 or so are specific Sinking Funds, and the balance is nominally paid for the discharge of general debt.

In the old days when Sinking Funds were first introduced, the idea was prevalent that all you had to do was to create a Sinking Fund and that automatically proved beneficial, although at the same time you created new debts to an even greater extent than the Sinking Fund you put on. I think that idea has been exploded in theory, but to some extent in practice it lingers on; for last year in particular, in spite of the Treasury Returns, this balance was certainly not available for a general reduction of debt, for a far larger amount of new debt was created to take its place. I am quite prepared to admit that it would not be possible to make a Sinking Fund which exactly accorded with the public belief so long as—

The CHAIRMAN (Mr. James Hope): I am sorry to interrupt the hon. Member's argument, but I am not quite sure whether he is not now criticising the various Statutes which establish the

Sinking Fund. I should like to know whether that is so, or whether what he is criticising has something to do with the administrative discretion of the Treasury.

Mr. PETHICK-LAWRENCE: I was leading up to that in a few moments, and I think you will find that I am entirely in order, for I propose to deal with the form of certain items which are included in the Treasury figures. I am not criticising the way in which the Sinking Fund is administered, but a certain method of accounting which is producing the wrong impression as to what the Sinking Fund actually is. I was proceeding to say that it would not be possible to get a Sinking Fund which exactly accorded with the public idea of a Sinking Fund unless you were entirely to change the whole method of keeping accounts in this country, and to substitute for the receipts and payments accounts which we have at the present time, a system which would correspond more nearly to a balance sheet and a profit and loss account. I do not deny that there might be certain advantages in that, but I think the disadvantages would be far greater. I think, however, that it would be possible within our present method of receipts and payments to bring the Sinking Fund much more nearly into line with popular interpretation. Leaving the matter of fresh borrowing for fresh objects definitely outside, there are three matters in which it seems to me that our present method of dealing with accounts is undesirable. In the first place, there is the question of the ideal which we ought to be set before ourselves of keeping the total face value of the debt as near as possible in correspondence with the amounts claimable on redemption. The standard case where that proposition is not observed is that of the Five per Cent. War Bonds redeemable at 105. The face value that attains now, instead of being the amount of redemption of 105, is 100, and that leads to a considerable error in the total value of the debt. The procedure is this. Supposing the stock were issued at 95, redeemable at 100, it would appear in our account of debt as 100 and the 5 per cent. premium on repayment would be shown properly in the account. As, however, it is issued at 100, redeemable at 105, it still only appears at 100, the whole amount of redemption not being shown in any way in the account. In that way,

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at the present time, the position of the country is rendered in the account more favourable than it actually is to the amount of £20,000,000.

The next point to which I want to draw attention is I think in some ways of still more importance. That is the matter of the Savings Certificates. I think it is highly important that the interest which is actually debited in the year ought to correspond as nearly as possible with the interest accruing in the year, but when you come to the Savings Certificates that is not at all the case. Let me first of all quote figures. The estimate of interest which is going to be charged to this country during the year 1927-1928, on account of Savings Certificates, is about £9,000,000. The estimate of the actual interest that will accrue upon outstanding Savings Certificates during the year is as much as £24,000,000, so that there is a discrepancy of no less than £15,000,000 between the two amounts. In the previous year the amount estimated was £7,000,000. The amount actually spent was £12,000,000, and the amount accruing was probably not far short of £24,000,000. The Chancellor of the Exchequer, in his Budget speech, made special play of the fact that the amount expended, £12,000,000, on this account, was considerably in excess of the amount that had been estimated of £7,000,000, and yet even the full amount spent was in fact millions below the amount that actually accrued. The reason for this discrepancy is as follows: The amount which is actually debited against the interest, is the amount of interest on these Savings Certificates which are paid off during the year, that is to say, only those Savings Certificates which are cashed come into the account at all, and in some the interest is for one year, in some for five years, some for 10 years or possibly more; whereas the actual amount that accrues is one year's interest on the whole Savings Certificates outstanding. Of course I know that if the Savings Certificates were a constant amount, and if roughly the same number were being bought each year as were paid off, the discrepancy would not be very great, but, as the amount of Savings Certificates is rapidly increasing, we are constantly debiting ourselves with far smaller amounts of interest than actually accrue during the year. If the holding of

Savings Certificates increased and a very considerable part of our National Debt took the form, as it well may, in years to come, of National Savings Certificates, we should be living entirely in a fool's paradise in this matter. In one of the Debates, either in Committee or on the Floor of the House, I had the good fortune to have the presence of the hon. Member for the City of London (Mr. E. C. Grenfell) when speaking on this point, and I am glad to say that he entirely agreed with me. He suggested that there should be an increase of the Sinking Fund to the amount of £10,000,000 to meet this matter. I do not suggest that now, because I should be out of order in doing so, but I do want to point out that our method of keeping accounts in this matter is not a very satisfactory one. It is not easy I know to arrive at a satisfactory method, although I think a more desirable method could be found. For instance, whereas a Savings Certificate is now bought for 16s., I do not think it unreasonable if it was put down at 20s. from the time it was bought. In much the same way as a Treasury bill would be handled. If it were done in that way here you would get something much more near to the correct amount than is done at present. The Chancellor of the Exchequer may not think that a good plan, but I hope he will, at any rate, consider whether some other method could be adopted which would correspond more nearly to the actual facts as to the amount of interest really accruing than is done at the present time.

I have taken up a great deal of time over this, and I, therefore, will not deal at any length with my third point. It is the issue of loans at a discount, and I am very pleased to see that it met with the strong condemnation of both the Majority and the Minority Reports of the Colwyn Committee. I hope the Treasury will very seriously consider rigidly refusing to adopt this method of issuing loans in the future.

To sum up what I have been trying to say. On the first point, the Chancellor of the Exchequer and the Financial Secretary to the Treasury have been asked to take steps to rationalise the gold supply of the world. I would like to go a little further than my right hon. Friend the Member for Central Edinburgh (Mr. W. Graham), who has asked

them to set up a Committee to consider the management of the gold of this country. I want them, in addition, either to call this year, or to get the Bank of England to call, a world conference to consider steps to rationalise the gold supply of the world. Secondly, I want them to take steps to alter the accounting so that the Sinking Fund shall be brought more nearly into accord with the idea of a Sinking Fund in the minds of the business men of this country.

Sir JOHN MARRIOTT: Before I say a very few words in regard to the question which has been raised by my right hon. Friend the Member for Central Edinburgh (Mr. W. Graham) I would like to say, in a single word in passing, that I am very cordially in agreement with the views just expressed by my hon. Friend the Member for West Leicester (Mr. Pethick-Lawrence) in regard to the accounting of Savings Certificates. I do not want to make more than a passing reference to that question, but, if I may be respectfully allowed to say so, I think he has raised a point of very considerable accounting importance, and I would like to associate myself with what he has just said. In regard to the questions raised by my right hon. Friend who opened this Debate, I would say, on behalf of myself and, I think, of other Members on this side of the Committee, that we are exceedingly grateful to him, not for the first time by any means, for raising a question of great public importance on a financial Debate. The questions which he raised, as I understand them, were mainly two. He raised certain very important questions in regard to the *personnel* and the management in internal administration of the Civil Service. He raised another very important question in regard to our whole currency position, and more particularly in regard to the gold position in relation to the credit of the country. I desire to say a very few words on those two topics, and to ask one or two questions on another topic in which I, myself, am interested in relation to Treasury administration.

First of all, in regard to the Civil Service, I wish to associate myself to the full with the very cordial tribute which my right hon. Friend paid to the higher officials of the Civil Service. I suppose

there is no other present Member of the House who as a Member of the House has had a wider or a larger experience than I myself have had of contact with the heads of the permanent Civil Service. As Chairman for some years of the Estimates Committee, as a member of that Committee for more years than I like to remember, and as a member of the Public Accounts Committee, I have a very full sense of the way in which the higher officials of the Civil Service conduct their duties. I join with my right hon. Friend in paying a very great cordial tribute of admiration for the very high qualities which those public servants possess. But, apart from this tribute of admiration, my right hon. Friend raised a question with which I do not know that I am in quite such cordial agreement. He raised the whole question, incidentally, it may be, of the leakage of the Civil Service, that is to say, of a tendency which he thought he discerned for some of the more prominent members of that great Service to find occupations outside the Service, and he, very naturally, inquired what the reason for that might be. As far as my own experience is concerned, I should be inclined to say that the danger of that leakage is not very great. I know that from time to time, as, of course, has recently been the case, resignations take place which are of palpable disadvantage to the public service. We do, from time to time, lose from the public service servants whom we can ill afford to lose, for reasons which are very intelligible, because they are naturally tempted away by great positions offered to them outside.

I do not, however, feel with my right hon. Friend the Member for Central Edinburgh that that is really a very general or a very serious danger, and for this good reason, that, as I understand it, the qualities which are demanded of the first-rate civil servant are qualities wholly unlike those which, as a rule, are required in business houses. The man who makes a good civil servant has not, speaking generally, the same calibre of mind, the same quality of mind as the man who is successful in commerce or in business. I quite admit that there are exceptions to that rule, exceptions of which we have had several recent and very palpable illustrations; but I do not

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share the apprehension, if it be an apprehension, on the part of my right hon. Friend the Member for Central Edinburgh, that that is likely to be a danger which we need very seriously contemplate in the future. I should like to add this word, that I most sincerely desire that the qualities which are demanded of our civil servants should be different in kind from those which are demanded in our business houses, for, if there is one thing on which I am more keen than on almost anything else, it is that the Civil Service should not be involved in business undertakings, and that, therefore, those upon whom the Government rely as principal servants should not be people of the qualities which are required in business houses. My right hon. Friend went on to develop a question which is, if possible, of even greater importance. I refer to the whole currency position—the gold position. I am not going to involve myself so deeply as any of my hon. Friends who have spoken this afternoon in that most difficult of all questions—

Sir F. WISE: Do not be afraid!

Sir J. MARRIOTT: I am afraid. I remember the warning that, apart from love, there is nothing which has driven so many people into lunatic asylums as currency problems, and I have no desire to go into one of those asylums before my time. Therefore, I am not going as deeply as my hon. Friends have gone into that very controversial question, but I should like to say just one or two words, particularly on the point raised by my hon. Friend the Member for Ilford (Sir F. Wise). He referred to the whole problem of the currency mainly in its relation to the credit of the country. I want to associate myself to the fullest possible extent with what he said on that point primarily, because everybody knows that there is no problem which must be engaging every day the attention of the Treasury so seriously as the problem of credit and of the maturities which are really, if we come to realise it, immediately ahead of us.

Only a month or two hence, in October next, we shall be involved in maturities of £112,000,000 for 4 per cent. and 5 per cent. War Bonds. Then, six

months later, in March, 1928, the Treasury will have to face £66,000,000 of repayments of 3½ per cent. War Loan and 4½ per cent. Treasury Bonds. In the course of the summer of next year, 1928, no less a sum than £443,000,000 will come up for repayment for 4 per cent. and 5 per cent. National War Bonds. In the course of the following year, 1929, the Treasury will have to face repayments amounting to £46,000,000; and so on. That is a very short statement of the facts in regard to the immediate maturities ahead of us, and, in the face of these imminent maturities, I regard this problem of currency as a super-eminent importance. Therefore, I am exceedingly grateful, and I think the whole House and the whole country should be grateful, to the right hon. Gentleman who acts as Chairman of the Public Accounts Committee, for bringing the matter to the attention of the House of Commons this afternoon, and I desire, with him and with my hon. Friend the Member for Ilford, to press for the appointment of the Committee to which he refers.

In saying that, I want to guard myself against expressing perfect agreement with my hon. Friend the Member for Ilford on the question which is at issue between two such eminent bankers as Mr. Goodenough and Mr. McKenna. Far be it from me to decide between two prophets of such eminence, but I will frankly confess that my own Conservative disposition is rather on the side of Mr. Goodenough than on the side of Mr. McKenna. I am sorry to disagree even to that extent—I very rarely do disagree—with my hon. Friend the Member for Ilford; but he must be satisfied, and I hope he will be satisfied, if I associate myself with him in pressing for the appointment of this Committee, because, after all, we want to ascertain, and we want the public to be informed of, the opinion of an expert committee on a question of this first-rate importance. I am, myself, a little apprehensive of getting on to the slippery slope of inflation. I know that the word "inflation" is one which is capable of many interpretations. On none of those interpretations am I going to venture this afternoon, but I am a little apprehensive of anything in the nature of artificial credit. Still,

I do not want to press that view too strongly this afternoon. My hon. Friend and I have been going into the matter together recently in some detail, and, although we do not see entirely eye to eye on the question which is at issue between these two eminent bankers, we are completely in accord in pressing upon the Government the importance of the appointment of the Committee to which the Chairman of the Public Accounts Committee referred earlier this afternoon.

There is only one other point on which I should like to hear a word from my right hon. Friend the Financial Secretary to the Treasury. I do not make it by way of criticism, but I would like a word of information in regard to the expenditure for which the Treasury is responsible under Sub-head G.1 of Vote 4. I refer to the expenditure of £15,250 a year on the War Histories. I make no criticism of that, but I should like to ask the Financial Secretary whether some reduction of that staff is not possible, and whether some amalgamation or distribution of the work performed by it would not be possible. We have, as probably the Committee are aware, an exceedingly competent librarian at the Foreign Office—himself an historian of no mean distinction—who, I should have thought, might have been able to add to his duties, though these are not light at present, some of those which are performed by members of the staff in question. I do not know—my right hon. Friend will be able to tell me—whether that staff does draw upon the assistance of any of the other permanent civil servants, such as the librarians of the great offices, and particularly the librarian of the Foreign Office, but I want to put my question in a rather more general form. I want to ask my right hon. Friend whether there is any possibility of redistributing this work, possibly among other Government offices, or, possibly, among members of the Universities. There will be many research students at the Universities who, I think would probably be more than disposed to perform a good many of these services without any gratuity from the State at all, but simply in return for the facilities which they would obtain from the State for research into matters in

which they are themselves historically interested. I throw that out as a suggestion. The sum involved is not a very large one, but I should like to have some information from my right hon. Friend on that point.

Mr. GILLETT: I should like, in the first place, to support the remarks of my hon. Friend the Member for West Leicester (Mr. Pethick-Lawrence) on the question of the Sinking Fund. When the matter came before the Public Accounts Committee recently, I asked Sir Otto Niemeyer a few questions on the principle underlying the system that is now followed, and I confess that the answers I received only showed how much more complicated the question is than I thought. For one thing, Sir Otto Niemeyer informed me that, in the case of War Savings Certificates, the increase to which my hon. Friend referred, and which, it seems to me, might very well have been looked upon as capital expenditure, is looked upon as interest. On the other hand, I take it that, if stock is issued at 80 and is repayable at 100, that appears in the books of the Exchequer at par, and the difference between the 80 and the 100 is looked upon as capital expenditure. When we compare these two cases, there does not really seem to be any reason why the Treasury should deal with War Savings Certificates in a different way from stock issued at under par. On the other hand, I understand that there were certain cases during the War in which stocks were issued repayable at 105, and, speaking from memory—I did not know that my hon. Friend was going to raise this point—I think that those stocks are also treated as if they were repayable at 100. Here, therefore, we have a case in which we talk about the debt as being only 100, when some day the nation will have to repay it at 105. I think it is obvious that this is a question which might very well be looked into, and in regard to which we might urge upon the Treasury the desirability of seeing whether it is not possible to get figures more closely approximating to the exact amount of the liability that the nation has at present to meet.

I want also to support the appeal of my right hon. Friend the Member for Central Edinburgh (Mr. W. Graham) for the appointment of a committee to con-

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sider the question brought forward by Mr. McKenna, and I should like to express the hope that, as suggested by my hon. Friend the Member for West Leicester, if a committee is appointed the scope of it will be enlarged to include the world's supply of gold. I venture to speak on this subject in spite of the warning issued to us by the hon. Member for York (Sir J. Marriott) that there is danger of lunacy in considering these questions. The fewness of the number of Members present induces me to go forward, as the danger incurred will be so limited, even if we do consider the subject for a short time. The proposal made by my right hon. Friend to-day is much more important, and might have more far-reaching effects upon the well-being of the country than many of the points over which we are going shortly to spend a good deal of time in considering the Finance Bill. For instance, the point Mr. McKenna has raised is infinitely more important than whether we are going to impose a small duty on lace, or many other questions which excite interest and enthusiasm in the House. I suppose no man in the country has had such a unique experience as Mr. McKenna. It is true we have other chairmen of big banks, but none of them has had the experience of national finance that Mr. McKenna has had, and the danger of the city outlook is that your city financier looks on this matter purely from what might be termed the financial standpoint, whilst really there are always other interests that have to be considered. Anyone who has occupied the position of Chancellor of the Exchequer can never go back to quite the same outlook on finance as the man who has spent the whole of his life in the City looking at his problems only from the financial standpoint. Therefore, it seems to me this House is fully justified in considering very carefully the proposal made by my right hon. Friend.

The hon. Member for York said he had a great fear of inflation, and we are justified in having that fear, but I think we ought also to bear in mind the other side of the question. I take it that while Mr. McKenna suggested that there might be a danger of inflation, what he is afraid of is, whether at the present time we are not actually doing the reverse process, and that when industry shows

a little progress the financial system that is in force to-day keeps constantly putting the brake upon an expansion which might otherwise take place. Mr. McKenna bases his argument on the experience of the United States, where the deposits in the banks from 1922 to 1926 have increased by something like £800,000,000, while in this country there was actually a decrease of over £100,000,000. Mr. McKenna asks whether there is anything in our banking system that is having a deleterious effect upon our industry to-day. He also suggests that the federal reserve system of America lends itself more easily to providing the necessary credit than does the system in vogue in this country. The American system does not require such a large amount of gold backing for their notes. Any extension of the note issue of the Bank of England is followed up by providing the same amount of gold, but in the United States all that is required is 40 per cent. of gold behind the federal note issue, and there is even a margin allowed so that if at any time a bank has not placed the requisite amount of gold behind the issue of notes, instead of the increase being prevented, the bank is allowed to pay a certain percentage of interest upon the amount of notes that have been issued beyond the 40 per cent., and in that way there is an expansion of notes upon a scale easier and simpler than we have at present in connection with our own banking system.

The other point on which, I think, the American system differs from ours is that the facilities the banks have of discounting their bills make it easier for them to obtain money for trade. Mr. McKenna's plea for the revision of our system has been opposed by Mr. Goodenough, who holds an equally important position. I should not wish to say which I think is right of these two distinguished bankers, but I think the Chancellor would be doing a great disservice to the City if he decides that the investigation should not take place. Having some connection with the City, I would much sooner have the whole matter investigated than simply say it is not desirable to look into a matter which is arousing a good deal of public interest. People naturally say bankers do not desire to have the system looked into because they are doing very well out of it themselves and do not wish to see it altered. It seems to me the banking

position is much stronger if you say you are quite prepared to have the whole matter investigated. In the religious world we have great churches which have propounded religious beliefs, and when some heretic has come forward and urged that a principle of their religion was false, the churches in the past have taken refuge in saying it is not desirable to consider it, but all the same the heretics have gone forward and in time it has been perhaps discovered that these principles were false. Therefore, I hope the Chancellor will not think the banking world is anxious to hide itself behind the formula "As it was in the beginning, is now, and ever shall be," but will be willing to test these principles, because nothing is going to suffer in the religious or the financial world if the principles on which we are working are at times tested. I fully agree that when we look at the American position there are one or two extraordinary things connected with it. Of course they have received a large amount of gold which, if it had come into this country, would probably have had the same effect in expanding the deposits in banks as it seems to have had in the United States. If gold came into this country we could have gold inflation. We had it before the War for many years to a small extent, and even the hon. Member for York would probably have no fear about it. Inflation is not always necessarily an evil.

Sir J. MARRIOTT: I should not have any fears about it because it was based on gold.

Mr. GILLETT: And yet the effect upon our industrial system might be just as prejudicial as the creation of a large number of notes. The second reason I think we might have this investigation is that towards the end of this year the position in regard to currency notes will probably be reviewed, and that would seem a suitable time to have the whole question of the banking system reviewed. The "Times," in an article in January, supported the plea, and in February, 1925:

"Mr. BOOTHBY asked the Chancellor of the Exchequer whether His Majesty's Government will take steps to secure the early assembly of an international financial conference to consider the question of putting into operation the Genoa Resolutions on currency and with a view to the establishment, by agreement, of the currency systems of the world upon a sound, economic and stable basis?"

Mr. CHURCHILL: The Genoa Resolutions contemplated a meeting of the central banks as a necessary preliminary to any monetary convention. I hope that the occasion for such a meeting will arise before long; but I do not think the moment is yet opportune."—[OFFICIAL REPORT, 24th February, 1925; col. 1735, Vol. 180.]

It is only 2½ years since the right hon. Gentleman gave that answer, and I would suggest to him that possibly the moment has now arrived. One thing in connection with the American position which has not been referred to is the instalment buying that is going on in that country—what we should call, I suppose, the hire-purchase system. I understand nothing like it has been seen in this country, or I suppose in any country in the world. It seems to me it must have some effect upon the financial position, but whether it means any kind of inflation of credit, I do not know.

There is another point on which I want to lay stress. I desire to appeal to the Government for some statement in regard to the gold position. We have had the recent French withdrawal of gold from London. The policy of the French Government is one of the most amazing things we have seen. Many nations are thinking what a great thing it would be if only they could get back their currency to the old standard, but the French Government are deliberately preventing speculators, whose policy would be to force back the value of the franc nearer and nearer to the old pre-War standard. I understand the £100,000,000 that the French Government are holding in this country, and in New York, is the result of their determination not to allow the franc to alter its position.

We have returned to the gold standard on the supposition that other nations, if I may so put it, were going to play the game. The success of the gold standard depends on certain well-known and well-laid-down principles. You do not expect that a country is going to take gold from the bank in this country unless the exchange is in their favour. Then you come face to face with this emergency. The Bank of France suddenly buys gold from the Bank of England and the whole of the money market in this country is altered prejudicially as far as we are concerned. We find, that instead of the Bank of England rate going down, as was hoped, the rate for discount goes up.

[Mr. Gillett.]

It has already, I suppose, cost the Chancellor of the Exchequer between £200,000 and £300,000 more in regard to the increase in the price of Treasury bills, and, at the same time, the public have been deprived of what would have been the advantage of cheaper money if the bank rate had actually gone down. That is all due to the decision of the French people.

What the City would like to know is, whether this withdrawal of gold was carried out with the knowledge of the English Government, and, if not, whether the Chancellor of the Exchequer has made any representations to the French Government, pointing out how very detrimental this action has been to the money market on this side and the effect it is having upon us. The serious point, it seems to me, in connection with this matter is this. Supposing the French Government had said, "Our needs are so great that we must have the gold. I must buy your gold. I am going to buy it, cost what it may," the whole of the gold standard in this country might be endangered. This case is largely governed by very special needs quite outside the ordinary rules governing the position of the money market. I shall be glad if the Chancellor of the Exchequer can say whether anything has been done by the Government or whether any negotiations have taken place between the English and the French Governments.

I think there is every justification for the plea made by my hon. Friend the Member for West Leicester that the whole of the gold position should be very carefully considered. It may be that the central banks are considering the question to-day, but, as is said in the City of London, all these questions are wrapped in such a veil of mystery that we are never allowed to know anything. The only thing we know is, that all of a sudden something has taken place, and we go on wondering what the great gods of finance are doing, and why Mr. So-and-So has gone to New York, and why Mr. So-and-So has gone to Paris. That is all the information the money market is allowed. Professor Cassel has drawn attention to this question and quoted figures, which appeared in the "Times" recently, in which it was estimated that

the gold supplies of the world after 1929 would be about £5,000,000 less per annum than they have been previously. It is needless to point out to the Committee what effect that would have upon this country. We talk about all these very strange, complicated questions, as has been indicated by the hon. Gentleman the Member for York, as being exceedingly difficult, and yet, at the same time, they have a profound effect upon the well-being of our people.

I am not discussing at this moment whether the policy of deflation was bad or good, but there is no doubt whatever that it led to a large increase of unemployment in this country. There is no doubt that that is the reason which is inducing the French Government to take the line they are taking. They are not prepared to face the amount of unemployment and the effect upon their trade that such a policy would have. It seems to me that this is a matter on which we might be entitled to have a statement from the Government, telling us exactly what their policy is, first as regards the points raised by Mr. McKenna regarding the banking system of this country and, in the second place, as regards the whole question of gold and the relations of this country to the great central banks. You may say that the Bank of England is a private institution. We know perfectly well that the connection between the Bank of England and the Treasury is so close that we cannot imagine that any great policy dealing with the gold question would really be carried out by the Bank of England without consultation taking place between the Chancellor of the Exchequer and the officials of the Treasury. Therefore, I think, the Committee is justified in asking for a statement from the Government. The question of how far we are going to get a really satisfactory banking system is more important than almost any other financial question, and we must be assured that, having now returned to the gold standard, the system of working it, which is necessary to secure success, is going to be followed out as in the days before the War.

Mr. CHURCHILL: I must apologise to the Committee for not having been able to be present during the whole of this Debate—I was compelled to absent myself on public business—and ask the indul-

gence of the Committee. I will endeavour to answer, as briefly as possible, some, at any rate, of the numerous, interesting, and speculative questions, some of a very large and general character, which have been raised in different parts of the Committee. I will deal, first of all, with the specific question raised by the late Financial Secretary to the Treasury. He commented upon a series of appointments of high officials in the various Departments of State, particularly in the Treasury, which were announced a few weeks ago. The right hon. Gentleman seemed to me—although, I admit, he did not state his case with any extreme rigidity—to be arguing in favour of a departmental system of promotion as against the system of selection which is the one which, for some time past, has been adopted. One must ask oneself two questions. First of all, “Do you challenge the principle of selection?” Secondly, “If you do not challenge the principle of selection, has it been applied wisely and fairly in recent instances?” I cannot conceive how any effective challenge can be made to the principle of selection.

I remember the late Lord Fisher used to deride the system of promotion by departmental seniority, and described it as a doctrine of “It is Buggins’s turn.” Ever since 1855, when the Civil Service was unified, the principle of selection for the higher appointments has been increasingly applied, and there are at the present moment, I think, only five Departments which are actually headed by civil servants who have risen from that particular Department. Long before the last batch of appointments was made, this principle of choosing at any given moment the best men for these very responsible posts had been extensively applied. Really, I think, it is no use arguing that this course acts harshly. After all, even in the case of the humble battalion, where the importance of the functions in time of peace, at any rate, cannot be compared with those of these Departments, there has not, certainly during the present century, been a commander of a battalion or second in command appointed except by selection, and by selection not confined necessarily to that battalion. If in a small organism like that discharging functions which, however honourable, are so moderate in their status, you are going to enforce the system of selection in the interests of efficiency, then I say

a fortiori in the case of these great departmental organisations of the State it must be applied in all its force.

Let us see whether the selection has been fair and wise. No one has greater interest than the Government of the day in making a wise choice, because it directly affects the success of the various Ministers at the heads of Departments. The right hon. Gentleman, who has been in office himself, knows the valuable character of the services which are rendered to the political heads of Departments by the highly trained and able permanent officials. Criticism has been made that the Secretary to the Treasury, with some small group of civil servants, has some dominating power in the matter. That is a delusion. The duty of the Secretary to the Treasury, among other duties, is to advise the Prime Minister upon the high appointments and the headships of the Departments. For that purpose he takes a general view of the service as a whole, and it is obvious that some mechanism for taking such a general view of the service as a whole and of the competing claims of different men in different Departments is an essential part of the functions of government. But the Secretary to the Treasury makes representations to the Prime Minister in many cases. The Prime Minister, as the First Lord of the Treasury, naturally consults with the Second Lord of the Treasury, who is the Chancellor of the Exchequer; and ministerial opinion is what rules in these matters.

The Prime Minister has been in office for the greater part of the last eight years with a very brief exception, and I have been in office for a long time, and we are perfectly capable of forming our opinion on the honest and faithful advice we received from the Secretary to the Treasury on the matter. We desire to give the greatest possible assistance to the Ministers concerned. Of course, it is quite true the departure of distinguished civil servants to outside employment weakens us for the time being, and I shall certainly not say anything to diminish the seriousness of the loss which we have for the time being sustained by the departure of a man of such altogether outstanding abilities as Sir Otto Niemeyer, but, nevertheless, experience shows that the ability of the British Civil Service rebuilds the gaps which are made from time

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to time. Although we have had of recent years a stream of very able men passing from the Civil Service, I think, nevertheless, the quality of the Service has been maintained.

The right hon. Gentleman also criticised the departmental arrangements at the Treasury, which have been made incidental to the present changes, and, in particular, the union under one head of the Controllershships of Finance and Supply; and he explained, quite correctly,

the enormous importance of the duties of both these great departments. He asked how it would be possible for any one man, however able—and certainly it is a matter of common agreement that the officer appointed is one of the ablest servants under the Crown—could discharge all the admittedly difficult and technical duties of these two Departments. I should like to point out that when an officer is placed at the head of two Departments, and they both report through him to the Minister, the position of the heads of each of those Departments under that joint supervisor is by that very fact, in practice, considerably enhanced. Highly trained and experienced officers are at the heads of both these branches, neither of whom would at this moment have been a competitor for the undivided control of either of these Departments, and these officers will have a wider sphere and more direct action open to them than would be the case had one head been provided for each of the Departments. We have taken advantage of these changes to reduce by one the number of higher posts at the Treasury. One of the £3,000 a year posts has been obliterated by the changes which we have made. Naturally, that causes heartburning and is not the most agreeable course which could be taken, but we at the Treasury are sometimes criticised for the number of high posts which exist there. We are continually engaged in urging economy upon all the other Departments, and, seeing the possibility of making this curtailment or abridgement, I felt it my duty to recommend that the Treasury should set an example in this respect. As usual, the moment any steps, small or large, is taken for economy, it finds most able objectors in every quarter of the House of Commons.

I do not say that this union of the Finance and Supply Branches will neces-

sarily be the final form of reorganisation. It might well be that a better grouping would be achieved if Supply and Establishments were joined together, and if Finance remained an entirely separate Department. That is a matter which we can examine later on, and the opportunity for making a change of that character was not open at the time. I think I have answered, or at any rate replied to, the different points which were raised on this subject by the right hon. Gentleman, and I hope to convince him, not by argument alone, but by proof which will emerge from Session to Session that the administration will have suffered no undue disadvantage from the changes which circumstances have enforced.

I now turn to what was described as the more important part of this discussion, namely, that relating to the general currency policy of Great Britain. Certainly, no topic can claim to be more important than that. I agree with all that was said on this point by the hon. Member for Finsbury (Mr. Gillett). The currency policy of this country, or of any country, lies among the roots of its commercial and industrial prosperity, and of its social and economic well-being. I agree with him that it is very right and proper that the House of Commons should from time to time turn its attention to these matters. I agree with him also that it might well turn its attention to this question in preference to many of the quite minor issues which occupy so much of our Parliamentary time. The House of Commons is the master of its own fortunes in these matters and the number of days given to the discussion of finance in the course of the year is very large. I certainly do not complain that on one of those days, extremely complicated matters of such deep and pregnant importance should have been touched upon. Nevertheless, I am sure that the subject cannot be adequately dealt with in the course of a single speech or a single afternoon's Debate, and I shall not attempt to deal with these matters, except incidentally as suggested by some of the points which have been raised.

I must point out at the very outset of any reference to this subject, that you must pursue a clear, plain, unswerving policy in your finance; you must know what that policy is and stand by it. A great many people try to get all the

advantage of orthodoxy, and at the same time to take all the small points which would occur to those who indulge in the luxury of heterodox opinions. Of course they are in favour of the gold standard. They say, "We are opposed to anything in the nature of inflation but at the same time, something might be done to free us from the tyrannical domination of gold, and to make just a little upward movement of prices, or to advance credit a little more than the economic realities warrant." Then they proceed, in illustration, to point to all kinds of admitted hardships and disadvantages which we encounter in our journey through this wicked world. The policy of the Government is perfectly plain and simple. Our policy, like that of every other Government, or every other set of Ministers who have been responsible, has been the re-establishment of the gold standard, and the maintenance, as far as we can, of the stability of the currency and the stability of our international exchange. That policy has carried with it a steady correction to the dispersion of prices of various commodities.

I was going to quote figures to the Committee, but I will not do so this afternoon. I do not wish to enter into detailed argument here, but I would point out that nothing is more important to the well-being of the country than a correct valuation, in terms of money, of different forms of effort—the correct valuation for instance, to be put upon the effort which is required to make a loaf of bread, or a pair of silk stockings, or an ingot of steel, and so on. The spread of prices had been quite wide in the years immediately after the War, and gradually, as we have come into more harmonious and settled conditions of finance, dispersion has diminished.

Mr. WALLHEAD: The home market has remained restricted.

Mr. CHURCHILL: That has nothing whatever to do with the point which I was making. The point I was making was, that whether the home market is restricted or not, the commodities in that market are coming to a truer relation one with the other, and we believe they have been brought into that truer relation as the foreseen and declared result of our adoption of the gold standard with its consequent stabilising effect

both upon our money markets and on our exchange. In addition, as part of the policy which we have submitted, there is, of course, the great feature of the diminution in the cost of living, which, expressed in other terms, is an increase in real wages. There has been a substantial diminution in the cost of living and it is going on at the present time, increasing the purchasing power of every household in the country. Such is the main effect on wages of the policy which we have pursued, and which at any rate tends to secure to the wage-earning masses a suitable means by which their wages are related to commodities. I believe if you adhere to that policy you will be acting in accordance with the most skilled advice. I do not believe for one moment that if my hon. Friend were at the head of a committee of advisers to the Government upon this policy, which he does not in principle dispute, he with all his undoubted authority on these questions, could outweigh the mass of very high and weighty financial expert authority which we have at our disposal and by which we have profited, and in following which we have advanced from one point to another.

The reasons for our policy have not been concealed. They have not been imparted to the House of Commons merely in speeches either by the Chancellor of the Exchequer or by other representatives of the Treasury. When the gold standard was re-established, I issued the Report of the Committee on the Currency and Bank of England Note Issues, which deals with the financial position and which sets forth in authoritative form, the main outlines of the policy which we have pursued. That Report was signed by Lord Bradbury, Mr. Gaspard Farrer, Sir Otto Niemeyer, and Mr. Pigou. There it stands as a perfectly clear explanation of the general position which we adopted. It is quite true that our policy is not the only policy. It is true that there is an alternative policy. There is the orthodox policy and the heterodox policy, and the heterodox policy claims another set of advantages some of which you may readily admit. That is the view put forward by Mr. McKenna and also put forward to some extent, but in a different form, by Mr. Maynard Keynes. I think

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those are the only two names of eminence in the financial world which can be quoted against the orthodox policy which His Majesty's Government are pursuing. They claim that a managed currency should be established in place of the orthodox gold standard. In one form or another, and in the most seductive terms, they suggest that just a spice of inflation would be advantageous—so long as it is called by some other name. They look forward with favour, as I detected the late Financial Secretary to the Treasury doing this afternoon, to a period of rising prices, artificially produced at the cost of the consumer. I have here written down what the right hon. Gentleman said. I think he said that he would not mind, or he would like to see an increase of prices.

Mr. W. GRAHAM *indicated dissent*

Mr. CHURCHILL: I should be glad to have a confession of faith from the right hon. Gentleman. Is he, or is he not, a supporter of the gold standard policy? Is he, or is he not, an opponent of the policy of inflation?

Mr. GRAHAM: There need not be the slightest doubt at all on the matter. I am a most enthusiastic supporter of the return to the gold standard, but there is nothing inconsistent with that attitude in supporting the plea made by Mr. McKenna for an inquiry into a comparison between the basis of the banking system in this country and the federal reserve system in the United States.

Mr. CHURCHILL: Let me proceed step by step. I am glad to obtain from the right hon. Gentleman—

Mr. B. SMITH: There was never any doubt about it.

Mr. CHURCHILL: I am entitled to make it quite clear where the right hon. Gentleman stands, and I am glad to hear that, on behalf of the Labour party, he stands definitely for the gold standard, because we have had some lamentable wobbling on the part of the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) and also very different opinions expressed by the hon. Member for Leicester West (Mr. Pethick-Lawrence) on that point. As far as the right hon. Gentleman is concerned,

he makes no objection to being, as the phrase is, crucified on a cross of gold. He is now definitely nailed in that position.

If you are going to abandon the orthodox policy of the Government and adopt the policy which is advocated by Mr. McKenna, and in a much cruder way by other people, I agree that other advisers ought to be chosen for the Government. It would be ridiculous to attempt to carry out a policy wholly different in principle from what we are pursuing—with the assent of the right hon. Gentleman opposite—unless it was in the hands of those who thoroughly believed in it. The right hon. Gentleman turned from the general to the particular aspect of the question connected with the difference between the system of the Federal Reserve Board of the United States and the credit system of this country. This was also in the speech of the hon. Member for Finsbury. It is true that Mr. McKenna made a very interesting speech advocating our adoption of the American system. That system involves the adoption of the percentage basis of gold reserve in relation to the note issue. The percentage prescribed after the War in America was 40 per cent., but, of course, it has not been adhered to in practice because the great influx of gold into the United States has carried the gold percentage far above the 40 per cent. level, and it is now in the neighbourhood of 80 per cent.

Sir F. WISE: Germany!

Mr. CHURCHILL: I cannot possibly conduct this argument if I have to reply to every technical and highly-skilful interruption from every hon. Member. I am talking about the United States of America. We have been told that Mr. McKenna advocated that the Federal Reserve system should be adopted here. The Federal Reserve Bank is an American not a German institution, as the hon. Member for Ilford (Sir F. Wise) knows. The American percentage is laid down at 40 per cent., but the actual relationship now is probably in the neighbourhood of 80 per cent. Neither Mr. McKenna nor the hon. Gentleman who has just spoken have ventured to say what would be the result if we should apply a 40 per cent. ratio in this country. The first result would not be an expansion of credit but

a sharp contraction of credit, because at the present time the proportion of our gold reserve to our Note issue, including both currency Notes and the Bank of England Note issue, is actually less than the 40 per cent. laid down in the United States, and far less than the figure of 80 per cent. under which they are working at the present time. Consequently, the adoption of Mr. McKenna's proposals, if we adopted the 40 per cent. ratio, would involve an immediate appreciable contraction in the supply of credit.

But there are other reasons which may be urged against our departure from our present system in favour of the American percentage system. If the 40 per cent. ratio of gold to Notes were in working order and actually adopted, the effect of any inflow or outflow of gold would produce an exaggerated result upon the supply of credit. You would have oscillations of a more violent character than you have under the somewhat more practical system which we have adopted. So far from having that beneficent expansion of credit, which is to help industry and trade, you would begin with a positive contraction. In the face of these arguments, which can be extended to far greater lengths and expressed far more forcibly than I could attempt this afternoon, I do not think the speech of a single banker is a sufficient reason for an inquiry into the whole of our banking arrangements. I am quite sure that the balance of authority is overwhelmingly against Mr. McKenna. We have had two bankers mentioned this afternoon, Mr. McKenna and Mr. Goodenough. Mr. McKenna is almost isolated in the very able and very interesting case he puts forward. I cannot see that any case has been established for an inquiry on the arguments he has used or on the fact that an authority so high has put forward the demand. After all, we have had the Cunliffe Committee and the Bradbury Committee, which inquired into the whole of this subject and produced unanimous reports. The advice of these able and scientific authorities is the basis of the financial policy of the Government. I should regret very much to take any step at this time which would indicate that changes in our policy were in contemplation or that we considered the matter an open question. We do not. For good or ill we have taken our course, right or wrong, and in these

currency matters it is essential to pursue a course with some consistency and persistency for a certain number of years. It may be that under another dispensation you will review these problems but, as far as this Parliament is concerned, I certainly cannot hold out any expectation that the policy we have declared and followed consistently will be modified in any essential particular.

Mr. PETHICK-LAWRENCE: The Chancellor of the Exchequer is labouring under the misfortune of not having heard the whole of the Debate. The point I suggested was not what he would call an heterodox point. It was not an attempt to go back upon the decision of the gold standard, which I recognise is irrevocable. The point I suggested was orthodox, and in accordance with the policy of the country declared at Genoa. I ask is that policy going to be carried out?

Mr. CHURCHILL: I regret that I did not hear the hon. Member's speech for I know he is a very deep, though not always sound, thinker, on these matters, and his speeches are always full of interest and suggestion. I was just coming—and it is my last point—to the question of the Genoa Resolutions and to the gold movements which have recently taken place on the initiative of the Bank of France. The hon. Member who has just sat down asked me particularly about this. It is perfectly true that considerable withdrawals of gold, apart altogether from the gold which was deposited here in connection with the French Debt to the Bank of England, have taken place during the last month, and that these withdrawals of gold have prejudicially affected the money market and the rates at which the Treasury could borrow. It may even be held that they have exercised a deterrent effect upon the reduction of the bank rate and, consequently, on the improvement of trade. In the ordinary course, under the gold standard, the gold which moves is no more than the tip of the index which registers transactions which have taken place in the great economic sphere of the world; but in these particular gold movements we have had withdrawals which have no relation to the balance of trade, but which arose out of a particular monetary policy pursued for the time

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being by one of our nearest neighbours, and that has produced some embarrassment and inconvenience in our affairs.

The hon. Member asks whether any representations were made by His Majesty's Government to the French Government. This is not a matter in which the Government acts as principal. It is a matter in which the Banks of France and England were principally concerned. Very long, and I am glad to say, very friendly discussions took place between the heads of these two great institutions and, for the present, at any rate, the movements by which we were affected unfavourably have ceased. But these movements most clearly show how important were the Genoa Resolutions which deal with the co-operation between the central banks of the different countries in respect of the use of gold reserves. It is essential to the working of the gold standard system that gold should be used to adjust trade balances and should not be allowed to be dissipated or employed for extraneous purposes unrelated altogether to the economic movements of the day. I regret very much that it has not yet been possible to hold a further conference to carry forward the policy which was indicated as being so necessary at Genoa, but we agree with every word that has been said in favour of developing that policy.

A conference has not yet come within the region of practical politics. The question asked by my hon. Friend two years ago is just as pertinent now as it was then, and the answer which I shall give would be given with even greater sincerity. The urgency has become greater, but at any rate co-operation between the heads of the great banks has increased. At the present time the Governor of the Bank of England and the Governor or Deputy-Governor of the Bank of France are travelling to the United States to see Mr. Strong, of the Federal Reserve Bank, and at the same time the head of the Reichsbank, Dr. Schacht, is also travelling, I think in the same ship. So you will have, for the first time in this intimate manner the highest financial authority in Germany, in France, in Great Britain and in the United States, in amicable consultation and co-operation. I cannot doubt that the difficult topics we have touched upon this afternoon will be among those which

will be illuminated by the discussion which will take place, but it would be altogether premature for us to enter upon, and I have no warrant for laying down, what results we may expect from those consultations.

Mr. WALLHEAD: I rise for the purpose of supporting the idea of a Committee of Inquiry. The Chancellor of the Exchequer has given us his particular point of view. He rests himself upon the fact that in the past there have been various Committees of Inquiry set up, and upon the findings of those Committees he now bases the Government's policy. It is fair to assume, from the reports of the various Committees, that rather different results were anticipated from the policy then put forward. I cannot believe that the various Committees, in putting forward their reports, visualised the deplorable condition of our trade and industry as we now find it, or imagined for a moment that conditions of so difficult a character, which began in 1920, could have persisted up to now. We have tried all the recommendations that have been made. The Cunliffe Committee reported in favour of the policy of deflation which has been followed up to now. That policy of deflation immediately led to widespread unemployment and to that reduction of prices which the Chancellor of the Exchequer has commented upon rather with pleasure. When it was said that it had restricted the home markets, the right hon. Gentleman's reply was that that had nothing to do with the question. It seems to me that the policy of deflation had led to the widespread reduction of wages, aggregating something like £600,000,000 per annum. That £600,000,000 per annum wage reduction has certainly restricted the home market, and, as far as I can see, in spite of any lowering of prices, there has been no marked increase of production so far as the volume of men in employment is concerned.

The policy of deflation that was begun here on the recommendation of the Cunliffe Committee was carried out simultaneously with a policy of deflation in the United States. I believe it is a fact that in the United States, as a result of deflation, the unemployed problem in about six months ran to about 6,000,000 men. It is said that President Harding demanded the

dropping of the policy. From that time unemployment has been practically non-existent in the United States. Almost every nation in the world has had a better time than we have had here. There has been less unemployment even in Germany, in France and in Italy than we have had to face. It is an undoubted fact that our people here have suffered in a terrible way. I cannot say whose policy it is that has resulted so, but certainly the fact remains that we have widespread poverty and that unemployment is a continuing factor, and as far as one can see the Government do not help to bring about any real change so far as the great mass of the unemployed are concerned.

It has been stated more than once that the immediate effect of the policy of the Cunliffe Committee was to increase the National Debt and to increase the value of the interest paid on the National Debt. I want to refer to the effect of that upon the condition of the great mass of the people. I will illustrate my point in this way: The interest taken must come out of the general mass of annual production, for it cannot come from anywhere else. The takers of interest, who take from £310,000,000 to £320,000,000 a year, do not take it in actual money, and it must come out of the annual production. If, as we have been told, the effect of deflation was to increase the actual value of the National Debt and to increase the value of the interest from about 5 per cent. to the neighbourhood of 8½ per cent., then those who have taken interest on the National Debt have in later years taken an undue proportion of the annual production. I have tried to work it out in this way. Suppose that a man invested £1,000 in 1919, the interest being 5 per cent. On 1919 prices, for the £50 return which he gets for his investment he can obtain, say, 10 pairs of boots and 20 yards of cloth. Deflation takes place and prices fall, but the rate of interest remains stationary. The 5 per cent. is still 5 per cent., and his income from the £1,000 still remains £50. But in 1927, because of the fall in prices, instead of his being able to get only 10 pairs of boots he takes 20 pairs of boots, and instead of 20 yards of cloth he is taking much more. Where does it come from? If it comes out of the products—

The DEPUTY-CHAIRMAN (Captain FitzRoy): I am trying to find how the

hon. Member's speech has any reference to the particular Vote we are discussing. The hon. Member's speech appears to me to be more suitable for a Debate upon the Finance Bill.

Mr. WALLHEAD: I was seeking to show why we should have a Committee of Inquiry into the financial methods of the Government. I was trying to show that there was a very close connection between the financial policy of the Government and the condition of the great mass of the people at the present time.

The DEPUTY-CHAIRMAN: If the hon. Member looks at the Vote, he will see that it relates to the salaries and expenses of the Department and has nothing to do with financial policy.

Mr. T. JOHNSTON: I would draw your attention to the fact that the Chancellor of the Exchequer referred to all the points which my hon. Friend has raised, and my hon. Friend is only putting counter argument against those of the Chancellor of the Exchequer. The Chancellor of the Exchequer dealt with unemployment and all the rest of the questions.

Mr. WALLHEAD: The whole of the arguments of the Chancellor of the Exchequer were in reply to arguments put from this side of the Committee, and the subject was opened by the right hon. Member for Central Edinburgh (Mr. W. Graham), the late Financial Secretary to the Treasury. I was trying to point out that the fall of wages has been brought about simply because the commodities are not there, and that the fall of wages has been directly due to the policy pursued on the Cunliffe Committee's recommendation.

The DEPUTY-CHAIRMAN: But surely it would need legislation to alter the policy?

Mr. WALLHEAD: I was arguing in favour of setting up a Committee of Inquiry. That has been pressed this afternoon by practically every Member who has spoken.

Mr. AMMON: The whole Debate has been based on the suggestion made by my right hon. Friend that there should be a Committee of Inquiry appointed to go into the various matters. On that

[Mr. Ammon.]
the Chancellor of the Exchequer and others have spoken, and it has been a very wide Debate.

The DEPUTY-CHAIRMAN: We cannot have a Debate on the whole financial policy of the Government as an excuse for setting up a Committee of Inquiry.

Mr. W. GRAHAM: May I try to clear up the matter? The Debate turns upon an administrative act of the Treasury, in refusing to entertain the idea of an inquiry into this matter, as suggested by Mr. McKenna. Therefore, I submit that on the Vote before us we are in every way entitled to review that administrative action. Prior to your taking the Chair the Debate dealt with many of the subjects with which my hon. Friend is dealing from another point of view. I respectfully suggest that in these circumstances my hon. Friend is quite in order.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): My recollection is that the greater part of my right hon. Friend's speech, as far as it dealt with the topics mentioned, was in answer to a question of the hon. Member for Finsbury (Mr. Gillett) as to whether a representative of the Treasury here met any representative of the French Government, in consequence of the inconvenience caused.

Mr. W. GRAHAM: On the point of Order raised by the Financial Secretary to the Treasury. That was only one element in the Debate. The main points of the Debate are the effects, as we see them, of an unduly restricted policy, an argument to which the Chancellor of the Exchequer devoted a good deal of attention. Accordingly, with respect, I think my hon. Friend is in Order.

The DEPUTY-CHAIRMAN: Reference has been made to what took place before I occupied the Chair. It seemed to me that the hon. Member for Merthyr (Mr. Wallhead) was taking a very wide view of what was in order in a Debate on Supply, by reviewing the whole financial policy of the country.

Mr. WALLHEAD: I was adducing an argument why there should be a further Committee appointed for the purpose of continuing the inquiry, and I am basing

that argument upon the position of our trade and industry. The question of purchasing power and prices has been raised, and I am arguing that it is all very well for the Chancellor of the Exchequer to say that the policy of the Government has reduced prices. They may have reduced prices, but their policy has also reduced wages, and reduced wages to such an extent that, although the prices may be down, the people have not the wages with which to purchase commodities, even at the lower prices. That is the point I am making.

One real reason why the great mass of the people have less purchasing power is because the *rentier* class have increased their taking power more and more, because of the rise in the value of the rate of interest due to the lowering of prices, following a policy of deflation. In this country we have a most unfortunate state of affairs. It has been said from our own Front Bench that any policy of inflation would be wrong. A policy of inflation would leave me very cold. I am not a banker and I do not understand the abstract question as an expert; but I look at it from the common-sense point of view. I read the reports of the great Chamber of Commerce of Manchester, and I find that they are proposing still further to curtail production, in spite of the fact that we have destitution, want and misery among millions of our people. There is a want of cotton goods. Nevertheless, Lancashire is proposing to curtail production. The mills are already on short time; the weavers are becoming poorer, the looms are standing idle, and the finest skill of the finest mechanics in the world is standing idle, while their productions are wanted. In the United States there is a proposal to cut down the production of cotton. There is a proposal actually to burn 4,000,000 bales of cotton, because there is no demand for cotton goods. We have passed subsidies in this House for the maintenance of irrigation works in Egypt, and yet we are told to-day that Egyptian cotton must be cut down in production.

What is the fatality that dogs the footsteps of the people of this country? What is the thing that spreads itself like a dread miasma throughout the lives of our people—want, poverty, unemployment—

ment, machinery standing idle, commodities being destroyed? It seems to me that if the wit of man can find means whereby this dreadful thing can be obviated, even at the risk of snapping our fingers in the face of orthodox economists, and if we can pursue a policy which will give our people purchasing power, start the wheels of industry and provide us with an interregnum during which we can endeavour to discover the root cause of the evil from which we are suffering, it will be well worth the doing. The Government are faced with the problem of unemployment, and they make no move to solve it. They have no means of solving it. They put forward no proposals for the solution of the problem. When the Labour party were in office we were taunted regularly with the fact that we had not solved the problem of unemployment. We were told that what was wanted was peace in industry.

Peace in industry has not come, because of the constant reduction of wages and the growing impoverishment of our people, which can be traced back to the policy, pursued since 1920, of deliberate deflation. That policy has brought a lowering of the standard of life all round.

Could we not inquire whether the Cunliffe Committee did report the best and the wisest thing, or whether there might not have been some other recommendation that might have been carried out, or some other experiment that might have been tried, which would have dealt more effectively with the evil thing that curses the lives of so many of our people?

Question put, "That a reduced sum not exceeding £198,058 be granted to His Majesty for the said Service."

The Committee divided: Ayes, 83; Noes, 252.

Division No. 212.]

AYES.

6.53 p.m.

*Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Bowerman, Rt. Hon. Charles W.
Broad, F. A.
Bromley, J.
Brown, Ernest (Leith)
Cape, Thomas
Charleton, H. C.
Cluse, W. S.
Clynes, Right Hon. John R.
Connolly, M.
Cowan, D. M. (Scottish Universities)
Crawfurd, H. E.
Dalton, Hugh
Davies, Rffys John (Westhoughton)
Day, Colonel Harry
Dennison, R.
Dunnico, H.
Evans, Capt. Ernest (Welsh Univer.)
Gardner, J. P.
Garro-Jones, Captain G. M.
Gillett, George M.
Gosling, Harry
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)

Groves, T.
Hall, G. H. (Merthyr Tydvil)
Hardie, George D.
Harney, E. A.
Hartshorn, Rt. Hon. Vernon
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hutchinson, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Kelly, W. T.
Kennedy, T.
Lawrence, Susan
Lee, F.
Lowth, T.
Lunn, William
Macdonald, Sir Murdoch (Inverness)
Mackinder, W.
March, S.
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Oliver, George Harold
Pethick-Lawrence, F. W.

Ponsonby, Arthur
Potts, John S.
Roberts, Rt. Hon. F. O. (W. Bromwich)
Salter, Dr. Alfred
Scrymgeour, E.
Scurr, John
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Sincclair, Major Sir A. (Calthness)
Smith, H. B. Lees- (Kelghley)
Snell, Harry
Sporr, Rt. Hon. Benjamin Charles
Stewart, J. (St. Rollox)
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Viant, S. P.
Wallhead, Richard C.
Watts-Morgan, Lt.-Col. D. (Rhondda)
Wellock, Wilfred
Whiteley, W.
Williams, C. P. (Denbigh, Wrexham)
Williams, Dr. J. H. (Llanelli)
Wilson, R. J. (Jarrow)
Windsor, Walter
Young, Robert (Lancaster, Newton)

TELLERS FOR THE AYES.—
Mr. A. Barnes and Mr. B. Smith.

NOES.

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, Sir Wm. (Glasgow, Cent'l)
Amery, Rt. Hon. Leopold C. M. S.
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Atkinson, C.
Balfour, George (Hampstead)
Bainiel, Lord
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Beamish, Rear-Admiral T. P. H.

Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Bird, E. R. (Yorks, W. R., Skipton)
Bird, Sir R. B. (Wolverhampton, W.)
Blundell, F. N.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Brass, Captain W.
Brassey, Sir Leonard
Brittain, Sir Harry
Brocklebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Broun-Lindsay, Major H.

Brown, Brig.-Gen. H. C. (Berks, Newby)
Buckingham, Sir H.
Bull, Rt. Hon. Sir William James
Burman, J. B.
Burney, Lieut.-Com. Charles D.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Caine, Gordon Hall
Campbell, E. T.
Cayzer, Maj. Sir Herbt. R. (Prtsmth. S.)
Cecil, Rt. Hon. Sir Evelyn (Aston)
Chamberlain, Rt. Hon. N. (Ladywood)
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer

Churchman, Sir Arthur C.	Hills, Major John Waller	Price, Major C. W. M.
Clarry, Reginald George	Hilton, Cecil	Raine, Sir Walter
Cobb, Sir Cyril	Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.	Ramsden, E.
Cochrane, Commander Hon. A. D.	Hogg, Rt. Hon. Sir D. (St. Marylebone)	Rawson, Sir Cooper
Colfox, Major Wm. Phillips	Hohler, Sir Gerald Fitzroy	Reld, D. D. (County Down)
Conway, Sir W. Martin	Holbrook, Sir Arthur Richard	Remer, J. R.
Cooper, A. Duff	Holt, Capt. H. P.	Rentoul, G. S.
Cope, Major William	Hope, Capt. A. O. J. (Warw'k, Nun.)	Richardson, Sir P. W. (Sur'y, Ch'ts'y)
Couper, J. B.	Hopkins, J. W. W.	Ropner, Major L.
Cowan, Sir Wm. Henry (Islington, N.)	Hopkinson, Sir A. (Eng. Universities)	Russell, Alexander West (Tynemouth)
Craig, Sir Ernest (Chester, Crewe)	Hopkinson, A. (Lancaster, Mossley)	Rye, F. G.
Croft, Brigadier-General Sir H.	Howard-Bury, Lieut.-Colonel C. K.	Salmon, Major I.
Crookshank, Col. H. (Lindsey, Gainsbro)	Hudson, R. S. (Cumberland, Whiteh'n)	Samuel, Samuel (W'dsworth, Putney)
Cunliffe, Sir Herbert	Hume, Sir G. H.	Sandeman, N. Stewart
Curzon, Captain Viscount	Huntingfield, Lord	Sandon, Lord
Dalketh, Earl of	Hurd, Percy A.	Savery, S. S.
Davidson, Major-General Sir John H.	Hurst, Gerald B.	Scott, Rt. Hon. Sir Leslie
Davies, Maj. Geo. F. (Somerset, Yeovil)	Iliffe, Sir Edward M.	Shaw, Lt.-Col. A. D. McL. (Renfrew, W.)
Davies, Dr. Vernon	Inskip, Sir Thomas Walker H.	Sheffield, Sir Berkeley
Davidson, Sir W. H. (Kensington, S.)	Jacob, A. E.	Simms, Dr. John M. (Co. Down)
Dean, Arthur Wellesley	James, Lieut.-Colonel Hon. Cuthbert	Sinclair, Col. T. (Queen's Univ., Belfast)
Drewe, C.	Jephcott, A. R.	Skelton, A. N.
Eden, Captain Anthony	Jones, G. W. H. (Stoke Newington)	Smith, R. W. (Aberd'n & Kinc'dine, C.)
Edmondson, Major A. J.	Joynson-Hicks, Rt. Hon. Sir William	Smith-Carlinton, Neville W.
Elliott, Major Walter E.	Kidd, J. (Linlithgow)	Smithers, Waldron
Ellis, R. G.	Kindersley, Major Guy M.	Somerville, A. A. (Windsor)
Elveden, Viscount.	King, Commodore Henry Douglas	Spender-Clay, Colonel H.
Erskine, Lord (Somerset, Weston-a-M.)	Kinloch-Cooke, Sir Clement	Stanley, Lieut.-Colonel Rt. Hon. G. F.
Evans, Captain A. (Cardiff, South)	Knox, Sir Alfred	Stanley, Lord (Fylde)
Everard, W. Lindsay	Lamb, J. O.	Steel, Major Samuel Strang
Fairfax, Captain J. G.	Lane Fox, Col. Rt. Hon. George R.	Storry-Deans, R.
Falle, Sir Bertram G.	Lister, Cunliffe, Rt. Hon. Sir Philip	Stuart, Crichton, Lord C.
Fermoy, Lord	Loder, J. de V.	Styles, Captain H. W.
Fielden, E. B.	Long, Major Eric	Sueter, Rear-Admiral Murray Fraser
Ford, Sir P. J.	Looker, Herbert William	Sugden, Sir Wilfrid
Forestier-Walker, Sir L.	Lougher, Lewis	Sykes, Major-Gen. Sir Frederick H.
Foster, Sir Harry S.	Lucas-Tooth, Sir Hugh Vere	Tasker, R. Inigo.
Foxcroft, Captain C. T.	Luce, Maj.-Gen. Sir Richard Harman	Templeton, W. P.
Fraser, Captain Ian	Lumley, L. R.	Thom, Lt.-Col. J. G. (Dumbarton)
Fremantle, Lieut.-Colonel Francis E.	Macdonald, R. (Glasgow, Cathcart)	Thomson, F. C. (Aberdeen, South)
Galbraith, J. F. W.	McLean, Major A.	Thomson, Rt. Hon. Sir W. Mitchell-
Ganzoni, Sir John	Macmillan, Captain H.	Tinna, J. A.
Gates, Percy.	McNeill, Rt. Hon. Ronald John	Titchfield, Major the Marquess of
Gault, Lieut.-Col. Andrew Hamilton	Macquisten, F. A.	Tryon, Rt. Hon. George Clement
Gibbs, Col. Rt. Hon. George Abraham	Maitland, Sir Arthur D. Steel-	Vaughan-Morgan, Col. K. P.
Gilmour, Lt.-Col. Rt. Hon. Sir John	Makins, Brigadier-General E.	Wallace, Captain D. E.
Glyn, Major R. G. C.	Malone, Major P. B.	Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Grant, Sir J. A.	Marriott, Sir J. A. R.	Warner, Brigadier-General W. W.
Greene, W. P. Crawford	Merriman, F. B.	Waterhouse, Captain Charles
Grenfell, Edward C. (City of London)	Meyer, Sir Frank	Wheler, Major Sir Granville C. H.
Gretton, Colonel Rt. Hon. John	Mitchell, S. (Lanark, Lanark)	White, Lieut.-Col. Sir G. Dairymple
Grotrian, H. Brent	Monsell, Eyres, Com. Rt. Hon. B. M.	Williams, A. M. (Cornwall, Northern)
Guinness, Rt. Hon. Walter E.	Moore, Lieut.-Colonel T. C. R. (Ayr)	Williams, Com. C. (Devon, Torquay)
Gunston, Captain D. W.	Morrison, H. (Wilts, Salisbury)	Williams, Herbert G. (Reading)
Hacking, Captain Douglas H.	Nail, Colonel Sir Joseph	Windsor-Clyve, Lieut.-Colonel George
Hammersley, S. S.	Nelson, Sir Frank	Winterton, Rt. Hon. Earl
Hannon, Patrick Joseph Henry	Newman, Sir R. H. S. D. L. (Exeter)	Wise, Sir Fredric
Harrison, G. J. C.	Oakley, T.	Withers, John James
Hartington, Marquess of	O'Connor, T. J. (Bedford, Luton)	Womersley, W. J.
Harvey, G. (Lambeth, Kennington)	O'Neill, Major Rt. Hon. Hugh	Wood, B. C. (Somerset, Bridgwater)
Harvey, Major S. E. (Devon, Totnes)	Ormsby-Gore, Rt. Hon. William	Wood, E. (Ches't'r, Stalyb'dge & Hyde)
Haslam, Henry C.	Penny, Frederick George	Wood, Sir Kingsley (Woolwich, W.)
Hawke, John Anthony	Perkins, Colonel E. K.	Wood, Sir S. Hill- (High Peak)
Headlam, Lieut.-Colonel C. M.	Perring, Sir William George	Woodcock, Colonel H. C.
Henderson, Capt. R. R. (Oxf'd, Henley)	Peto, Sir Basil E. (Devon, Barnstaple)	Worthington-Evans, Rt. Hon. Sir L.
Henderson, Lt.-Col. Sir V. L. (Bootle)	Peto, G. (Somerset, Frome)	Yerburgh, Major Robert D. T.
Heneage, Lieut.-Col. Arthur P.	Pilcher, G.	Young, Rt. Hon. Sir Hilton (Norwich)
Henn, Sir Sydney H.	Power, Sir John Cecil	
Hennessy, Major J. R. G.	Pownall, Sir Assheton	
Herbert, Dennis (Hertford, Watford,	Preston, William	

TELLERS FOR THE NOES.—
Captain Margesson and Captain
Bowyer.

Original Question put, and agreed to.

CLASS V.

MINISTRY OF HEALTH.

Motion made, and Question proposed,

"That a sum, not exceeding £12,943,593, be granted to His Majesty, to complete the sum necessary to defray the Charge which

will come in course of payment during the year ending on the 31st day of March, 1928, for the Salaries and Expenses of the Ministry of Health; including Grants and other Expenses in connection with Housing, Grants to Local Authorities, etc., in connection with Public Health Services, Grants-in-Aid in respect of Benefits and Expenses of Administration under the National Health Insurance Acts, certain Expenses in connection with the Widows',

Orphans' and Old Age Contributory Pensions Act, 1925, and certain Special Services."—[Note: £6,500,000 has been voted on account.]

Mr. GROVES: I beg to move to reduce the Vote by £100.

I have put down this Amendment to reduce the Minister's salary by £100, and I think it is very modest on my part. There were, of course, many subjects that could be dealt with on this Vote, but, for the general convenience of the Committee, we have tacitly understood that the main attack from this side will be directed towards condemning the present administration of the West Ham Poor Law Guardians. I would like first, however, to call the Minister's attention to the administration of the Blind Persons Act and to the very special and splendid work that is requisite in this country for the maintenance of blind people, and I would ask him whether he can at some future date receive a deputation of people interested in the State maintenance of the blind, so that we may put before his Department reasons why we feel that the Blind Persons Act is not carrying out the work which Parliament intended. I am not making an attack, but for many years we have worked for the State maintenance of the blind. We believe this country is rich enough, and we think it ought to be generous enough, to remove blind people from the position of beggary, so that they need not be compelled to seek their living by begging either inside or outside public-houses. They should be maintained in decency and, if possible, in comfort. Because Parliament has handed over to what we call the private agencies the attention requisite for the blind people, we, who have fought for State aid for the blind for more than a quarter of a century, feel that that which Parliament desired has not really been done. Therefore, I suggest that if in the future the Ministry would give attention to that point of view, they would be conferring a lasting blessing upon the blind people of this country.

I would like further to criticise the Ministry, and to move a further reduction of the Vote because of its attitude towards vaccination. That is not under discussion to-night, but we shall perhaps find an opportunity on Wednesday of calling attention to the very flagrant misuse by the Ministry of its powers. I am afraid my

hon. Friend the Member for West Bermondsey (Dr. Salter) will not agree with me there.

Dr. SALTER: Quite right.

Mr. GROVES: I now come to the part of my story which is most serious. My modesty in suggesting that the Minister should only forego £100 is overbearing. I would have liked, if it were possible, to move that the same proportionate reduction should be applicable to the Minister's salary as is applied to the relief of the poor in West Ham. If my hon. Friend would feel a personal shaft, I would like also to apply it to the Under-Secretary. This discussion arises from the fact that about a year ago, after protracted discussions, the Government were responsible for placing upon the Statute Book the Boards of Guardians (Default) Act. As a result of that Act, the West Ham Board of Guardians as such died. We have had appointed in their place three presumably important, intelligent, well-to-do and otherwise well-paid people. Although these persons were already in receipt of a sufficient sum of money to keep them, not in decency but in luxury, the West Ham ratepayers were compelled to pay the chairman, Sir Alfred Woodgate, a sum of £1,500 a year out of the local rates. As to his two assistants, I regret to say that one of them has died in the execution of his duties, or died in harness as we say in the Labour party, but the other, Mr. Beale, is in receipt of £764 a year. Those salaries are in addition to the incomes of which these men were previously in receipt and which were sufficient, as I have said, to keep them, not in decency but in luxury. I want to call the Minister's attention to the fact that his administration has meant that, while certain poor people in West Ham have been compelled by the persons appointed to become poorer, the people of West Ham have been compelled to pay these incomes to these appointed guardians whose incomes were already sufficient to maintain them.

It is a commonplace that the law of the land in this country is that destitute people should, and must, be relieved. When I spoke here a fortnight ago, the only criticism of my speech made by the Minister of Health was that my premises were false. I agree that when premises are false, the roof falls in, but no one will object to my opening statement, that

[Mr. Groves.]

it is part of the law of this country that destitute persons should be relieved. We must now analyse why we stand here indicting the Minister for his conduct in West Ham. The Minister, of course, takes the position that these guardians are not his guardians, that he as Minister of Health has no more power and no more interest with regard to them than with regard to any other boards of guardians. He takes the position that once these gentry were appointed to carry on the work of the Poor Law guardians of the West Ham Union, the relation between them and the Ministry of Health is no different from that existing between any other boards of guardians and the Ministry. Last week we had a visit in West Ham from the Minister himself, and I want to prove from his own speech that his personal interest in the West Ham Boards of Guardians, as at present constituted, is such that he does take a very special interest in their work to-day, just as he used to take a very special interest in the work of the old guardians.

He took so much interest in the world of the old guardians that he accepted, *holus bolus*, the report of his auditor. I have a copy of it here, the same copy from which I quoted during the Committee stage of the Default Bill last year. The Minister himself then said, speaking of West Ham, that the reason he was bringing in his Bill was that

"There reigns in some parts open and unabashed corruption."—[OFFICIAL REPORT, 5th July, 1926; col. 1642, Vol. 197.]

I then asked him for proof. The proof was based mainly upon this report, as any Member will see who cares to glance at the OFFICIAL REPORT of the discussion a year ago. You will there find that this Auditor's Report is repeated almost word for word from beginning to end, and that the general charge laid down by the Minister was one of "open and unabashed corruption." It was stated perfectly openly that there were many cases of actual fraud. Their names, addresses, and all particulars are set out, and when one totals up the cases, one finds that there are exactly 41. That great union had to deal with thousands of cases, thousands of families, amounting, in all, to 139,000 human beings. It is only reasonable to assume that wherever you go and whatever you do, you will get

some degree of wrong committed. I suggest that the 41 cases submitted to the Minister of Health by his own official auditor—paint them as black as you like—

Notice taken that 40 Members were not present; Committee counted, and 40 Members being present—

Mr. GROVES: I was saying, when I was interrupted, that the proportion of cases proved to the Minister of Health was, in all the human circumstances of the case, a very low proportion of wrong doing. I think it is generally understood that West Ham is a very poor place, and I think it is generally understood why that is so. We are talking to-night direct to the Ministry of Health, and we are going to say some very unpleasant things before we have finished. I have some documents here which I hope to read, and I shall try to prove to the Ministry itself that it has transferred the work of the guardians in West Ham from a board that administered relief to the poor under almost overwhelming odds and under circumstances of supreme difficulty—workmen and women who gave readily and voluntarily of their time to serve the common people. When the Minister of Health comes in later in the evening, he will probably get up and disown knowledge of some of these circumstances, but he has appointed these new people with a full knowledge of who they were and what they had to do, and he has maintained his association with them, and I say that he definitely takes sides with them. When I have read a few of these documents, I will ask him, if he returns, or I will ask his hon. Friend on his behalf, some questions about the public speech which he delivered at Whipps Cross Hospital last Wednesday.

I think it is the greatest piece of effrontery for the Minister of Health to go to Whipps Cross Hospital to present medals to nurses, after the newly appointed guardians, who are his own nominees, have deliberately increased the working hours of those nurses. I visit these institutions, and shall do so until I am refused admission. In the sick ward of the central home—years ago we used to call it the workhouse—about three months ago they had so changed the working hours and duties of the women medical attendants that one of

these women dropped at the feet of a doctor with fatigue. In the "H" ward there are 48 sick persons sometimes, some of them chronic invalids with diseases such as cancer, and there are only four women attendants, one of whom was the woman who fell exhausted at the feet of the doctor the day I was present. I do not come here and say things that I read in the newspapers; I retail experiences of my own. The Minister of Health went down to Whipps Cross Hospital to present some medals, and this is what he said:

"This particular union"—
the West Ham Union—

"was said in some quarters to belong to the Ministry of Health. It did not. He assured them it was not correct that Sir Alfred Woodgate or Mr. Beal were in his pocket. It was true that he was responsible for persuading them to undertake their present duties, and, therefore, it was natural that he should watch with special interest the work which they were doing with so much credit to themselves and so much benefit to the community."

I only want to emphasise that the Minister himself has gone out of his way to take sides with the West Ham Board of Guardians as at present constituted. He would not go down to an ordinary board of guardians and say that he was taking special interest in their work that they were doing with so much credit to themselves and so much benefit to the community. There is a special reason why that happens in West Ham. The reason is that, previously, they had a board of guardians composed of ordinary working men and women, who approached an almost overwhelming problem with just the qualifications of working-class representatives, with honesty and voluntarily. They have been supplanted, and now we are confronted with a board of guardians whose apparently definite and deliberate intention is to impose upon the very poorest people in the West Ham Poor Law Union a standard of life that is nothing short of starvation.

Now let us have some proofs, because for anyone to stand in the British House of Commons and indict any person with continuing a policy of deliberate starvation of Britain's manhood and womanhood is a serious charge, which ought to be proved up to the hilt. These people started with an immediate reduction of the scales of relief, openly, but it is the

insidious manner of their working that is important, like that for which we have indicted the Minister of Labour, for cutting off the registration people on the live register. It is not the open rules and regulations proclaimed to the community that these people have used in order to beat down and oppress the poor people; it is the insidious way in which they have dealt with circumstances. Let me give one or two examples. The new guardians have reduced the rates and the amount of expenditure, and I say that they have done it as the result of starving the poorest of the poor in the West Ham Poor Law Union.

The Minister of Health has stated in this House that he is prepared to deal with cases of individual hardship. The present chairman of the board of guardians has said the same, and I have a bagful of letters here dealing with cases which I have sent to the board and in which I have got the usual kind and courteous reply—so courteous, but so sinister. The reply has always been that the board regrets that it can see no reason to change its original decision. Therefore, this courtesy of "'Will you walk into my parlour?' said the spider to the fly," of always being willing to receive Members of Parliament, of being willing to receive the overtures of the elected representatives of the people, is nothing, if we cannot get anything by applying to the Minister. The Minister says: "Let us have cases of individual hardship, and they shall have my attention," but let us see what happens.

One of my constituents, Mr. J. R. Mason, of 50, Geere Road, is suffering from debility very badly—so much so, that he is compelled to attend as an out-patient at the London Hospital, and Dr. D. Hunter, of the London Hospital, recommends that he should have three pints of milk a day. The relieving officer under the new West Ham Board of Guardians refuses any help except the workhouse. I have heard my hon. Friend the Member for Silvertown (Mr. J. Jones) say that he knows that figures cannot lie, but that liars can figure, but here are actual documents that neither we nor the Ministry can have had any part in producing. Here is a letter from Guys Hospital in reference to a man named Frederick Clawson, and the way in which I got it was very dramatic. In marching yesterday from Stratford to Hyde Park, I saw

[Mr. Groves.] a man exhibiting this, and I said, "What have you got there?" He replied, "I am exhibiting to the people the treatment I have received from the West Ham Guardians." I said to him, "Please show me. I am sure the Minister of Health would like it."

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): Do I understand the hon. Member has produced it to-night without any further investigation at all?

Mr. GROVES: You will see. It is corroborated. The man's name and address are quite all right. His name is Frederick C. Clawson, and he lives at 55, Vincent Street, and he has already been in communication with your Department. It is since we have had the guidance of these beneficent people appointed under your Act. Your Department wrote to him immediately after the appointment of our friends, stating:

"Subject to the regulations in force, it rests with the guardians to decide whether relief is needed in any case."

This is printed. This is not a personal letter to this man, but the usual routine letter of the Ministry of Health. It says:

"The Minister cannot interfere with the discretion of the guardians in these matters."

This man attends Guys Hospital, and if you had seen him as I saw him, you would most certainly say he was fit only for a convalescent home, but in West Ham he gets 2s. in money and 5s. in groceries for a week—7s. per week to live on. I shall be very pleased to hand this over to the Minister, but it is not the worst that I have to read to him. Here is one which I have had in my possession for months. I did not get this at the demonstration yesterday.

Sir K. WOOD: I am quite unaware of any of these cases. Has the hon. Member made any inquiry as to the facts in the case he has just quoted—as to whether the man has any family?

Mr. GROVES: Yes. He has got a father, who is out of work.

Sir K. WOOD: Is that all?

Mr. GROVES: He is living with his parents, but his father is out of work, and he has other relatives, but if a man

is ill, so ill that he has to go to a hospital, are we, in this Christian country, in this position, that because this boy has got brothers in local works getting £2 5s. a week, he has to look to that financial source for his support. Yet, as I have shown, some of these people need three pints of milk a day.

Major PRICE: Do we understand that the gentleman you saw yesterday marched in procession from West Ham?

Mr. GROVES: No, I did the marching. If there be any credit in it, I walked from Stratford Grove to Hyde Park to demonstrate my hostility to the Government. I have in my hand a card with particulars of a case of which, I am sure, the Ministry have had notice. It is the case of Charles Gillham, a young man in my area, who attended the local hospital because he felt queer. This is a Christian country. Listen to this. On the back of this card there is this statement in the handwriting of a doctor at Queen Mary's Hospital, which is in the West Ham Poor Law Union area, "Fainting, due to hunger." Anyone can examine this. The Guardians of West Ham refused any relief whatever. They refused help on the ground that the boy was living with his parents. We believe that the case we are putting to the Minister of Health is justified and that the conditions which have been imposed upon us are unjustified. We believe the cases we are bringing forward can be multiplied by hundreds or by thousands. If the Ministry want us to collect them in bulk, we will. I have plenty in my case, and I have raised three which, in my opinion, are the worst from the point of view of brutality. I trust the Minister will see that the saving in pounds, shillings and pence in West Ham has been at the expense of men and women and, worst of all, at the expense of children.

This is the acid test. When the Ministry of Health issue their annual report for this year I hope they will give a special page to the question of infant mortality in West Ham. Sir George Newman, the Chief Medical Officer of the Ministry of Health, states that high infantile mortality implies not only the loss of many infants but the maiming of many surviving children, for the conditions which kill some injure others, and there is a high death rate in the next

four years amongst infants who have survived. He quotes this wonderful passage:

"The large infant mortality rate predisposes, as would be expected to a large death-rate among children."

I want the Committee to consider what has happened in West Ham in this respect since the arrival of the people appointed by the Ministry of Health. Here is the report of the medical officer of health. The figures can be verified; I know that it will not take the Minister many seconds to do it. In 1924 West Ham's infant mortality rate was 78.30 per 1,000, against 80 per 1,000 in the 105 great towns of Great Britain. In 1925 it was 65.98 per 1,000, and in the other 105 towns 79. Under the old regime in West Ham we gave the best possible treatment to the aged, the unemployed, prospective mothers and children. I would not come to this House and be so hypocritical as to say that we in West Ham ever put the saving of the local rates before the saving of death rates. What we tried to do was to save human lives; that is greater than saving pounds, shillings and pence to the nation. John Ruskin says: "There is no wealth but life." You will never get life developed under conditions as laid down in the Poor Law Union of West Ham to-day.

In West Ham under the old regime we reduced the infant mortality in contrast with that in the 105 great towns of this country. I want the Committee to listen to what has happened; I will not say it is a result, but the Government will have to explain these circumstances. In October, 1926, the first month in which these new guardians had been operating, the infant mortality rate in West Ham was 82.4 per 1,000 and in the 105 great towns 100. In November it was 64.5, and in the other great towns 75. What were the figures in the third month? I would not accuse the new guardians of anything as the result of one month's work, but I think three months is a fair period for drawing deductions from an analysis of their work. Whereas in December the infant mortality of the 105 towns was only 84 per 1,000, in West Ham it had gone up to 90.7. In January this year the rate in the 105 great towns was 98.2 and in West Ham 100.4. In February in the 105 towns it was 100 and in West Ham 101. In March in the 105

towns it was 90 and in West Ham 104. April exactly repeats those figures. Those are figures issued by our medical officer of health. He has no axe to grind. As my hon. Friends behind me know, he has no party bias, he takes only a doctor's view. He presents to us the medical statistics. He never coloured them in favour of the old guardians, and I am sure he would not colour against the present guardians. He merely deals with his job as a medical man. Those figures stand as a lasting indictment of the policy of the present guardians.

It is not a question merely of rules and regulations. It is the insidious manner in which these guardians have quietly worked to reduce here and there, even by 1s., the money that went into the homes of the people in the common form of parish relief, the money that enabled these people to keep body and soul together. The Minister, as the head of a great Department, ought to realise that his Department and his honour are greater than any mere attack upon a publicly-elected body of guardians, even if they are Labour members. The honour and the prestige of the Ministry of Health is too great for him to risk it in defending people responsible for these barbarous practices. In my opinion, if the Minister did his duty he would clear out these people lock, stock and barrel. I hope he will clear them out within a short time, because the crucial moment is coming when he has either got to get rid of them or give them a new lease of life. Take the question of coal. The old popularly-elected guardians did realise that poor people need coal in the winter. It seems a fairly reasonable thing to give people a half-cwt. of coal. Bless my heart and soul alive, that would not fill the grates of some hon. Members. But the few cwts. of coal which the people used to get were regarded as part of the extravagance of the old guardians. You have to produce a doctor's certificate to prove that you are ill before you can get coal from the new guardians.

I have been here for five years and have never been accused of coming here and making extravagant statements or unfair statements. Here is a peculiar situation. There are able-bodied men in

[Mr. Groves.]

thousands out of work. When first I came to Parliament I heard a speech by my hon. Friend the Member for Silvertown explaining, in simple language but true, why West Ham is poor. West Ham grew up with the docks. We cannot help trade breaking down. We cannot help the cessation of imports and exports. It is an awful thing when these men have exhausted their claim to unemployment benefit and arrive at the moment—one of the saddest moments in the life of any British workman—when they have to choose between having nothing in the cupboard and going to the door of the relieving officer. That saps the pride of a British working man. I have seen men with whom I have worked go steadily down the slope. They were men who used to have a clean collar and an upright and a cleanly appearance. They leave off that collar; they come to shabbiness. The first time a man goes to the door of the R.O., as we say, he goes with bowed head. He has not been there a month before he goes with head erect. Society has taught him that that is where he can find his bread. Then you have beat him. How do you beat him? Your new guardians now say to all these unemployed men, "If you are single and under 40, clear out." There is no relief for a single able-bodied man under 40 years of age. If the Government cannot find a man work, then the parish must find him bread. Under the new régime these able-bodied men must go and get a doctor's certificate proving they are fit for light work only. If they cannot produce that medical certificate, it is assumed that they are fit for ordinary work, and there is no parish relief for them. I say, in perfect friendship, that is a diabolical system to introduce into this country, and it will take more than kind words on the part of the man who is accustomed to use them to explain that away. What I have stated is based on my personal experience. I walk the relief stations—well, I do not walk through them, but I get in touch with them in order that I can get hold of the facts, and facts are very inconvenient things.

Take the next question. Some people have been taken to Court to make them pay back the money which, to use the vernacular, they had on loan. Half-a-

dozen men were taken to the County Court. I suppose hon. Members are aware that during the general strike some men went to the parish. They had money during the strike, and after it was all over the Minister of Health declared that all those persons had had that money on loan. As I understand it, if a man applies for relief, by the law of the land the guardians have power to grant that money on loan. During the general strike people in my district applied to the relieving officer, and he replied, "You are on strike, but I will let you have this £2, but, understand, it is on loan and has to be repaid." What I want the Minister to understand is the harshness, the callousness and the hypocrisy which has been assumed in deciding that all the men who applied for relief during the strike knew that they were having relief on loan. Many of these men have had sent to them a note saying that the money they have had on loan must be repaid, and the officiating guardians have stooped so low as to say they are prepared to accept repayment at 6d. per week.

I say that the bulk of the people who got relief during the strike at West Ham did not have it on loan and the guardians knew all about this. The Parliamentary Secretary to the Ministry of Health was very surprised when during the Debate some time ago I told him that his advance troops were at Union Road. Up to two weeks ago a staff was engaged at West Ham marking in the books "On loan." I wish to repeat that statement in case I am required to prove it. The West Ham Guardians have a cabinet which is indexed and contains the record cards. Legally those records are part of the official routine office work. Legally the only thing that can be accepted is what is called the application and record book, which is larger in length than an ordinary dispatch box. The guardians sit with the relieving officers and the facts are written in the book and when something is granted, if it is granted on loan that fact must be specifically written by the side of the name of the person it is granted to, and it is initialled in the book at the time of granting by the guardians who are present. Up to two weeks ago I know that a staff was engaged by the new purists to fill in the books in that way.

Dr. SALTER: That is forgery.

Mr. J. JONES: It is a forgers' Government.

HON. MEMBERS: "Red Letter!"

Mr. GROVES: If the Minister of Health will give me a reasonable assurance that the person engaged to fill up the books in the way I have described will not suffer loss of employment I will produce him at the Bar of the House. I ask hon. Members opposite who have been so loyal in supporting the Government in their attempt to repress what they call corruption to take that fact into consideration, because in my view it is something which no decent-minded man can defend. I will conclude by asking the Minister of Health to reconsider the kindly interest he is taking in the West Ham Board of Guardians in dealing with old age pensions. When we were discussing in July 1925, the Pensions' Bill, somebody moved an Amendment providing that the pension paid to widows should be 20s. instead of 10s., and on that occasion the Minister of Health said:

"As I have said, in the first place, these pensions are not sufficient in themselves to enable a woman to keep up a home for herself."

I think when men or women have spent the best years of their lives in the interests of their country in industry, and have grown old and grey working and toiling, arrive at this age, it is reasonable for them to expect that although the country imperially is not sufficiently generous although it is sufficiently wealthy, it should see that these men or women can live their remaining years comfortably outside the walls of the workhouse. It is reasonable to assume that if a man or woman lives 40 or 50 years in a parish the 10s. a week pension might be supplemented by 5s. from the parish. What is happening in West Ham is that within the next week or two they are going to clear off all the old age pensions. In my area if a man signs at the Employment Exchange that he has got his sons at work, then his sons must keep him. The Minister of Health has admitted that 10s. paid as a pension is not sufficient to keep a woman, but if she has a son or a daughter at work then she cannot receive assistance from the parish. Therefore the new guardians are punishing the children in this way. I do not ask hon. Members on this question to

violate their loyalty to the Government, but if the Government will not find work for these people and they are beaten to the wall, surely that is not the moment for the guardians to do such things as I have mentioned.

In the case of these poor people, friends are very hard to find under such circumstances. It is bad enough when a man or a woman is compelled to apply to a relieving officer, but when they are driven to apply for Poor Law relief in this way I do feel that this country should be big enough to see that the Poor Law administration will be such as to see that their manhood and womanhood is respected and not degraded. The new guardians in West Ham have proclaimed a policy of suppression and oppression against the flower of Britain's womanhood and manhood. A few years ago the men I am pleading for were fighting for the freedom of this country. In the area I represent we have thousands of men who wore medals on their breast for their services during the War, and yet to-day they are living in poverty. In moving this reduction of £100 I would like to say that I should much prefer moving that the Minister's salary be reduced by the same amount as the relief of the poor people of West Ham has been reduced. That would be in the first place 25 per cent. and then 10 per cent.

I hope I have made out my case without undue bitterness. At any rate my case is based upon facts and personal experience. I have seen the men and women in my own neighbourhood decaying and becoming debilitated and they are men whom I used to work with. You expect these men to live straight and upright lives and you are only allowing them 7s. a week in food tickets, and not one penny in money. How do you expect those men to live under such circumstances as that? These questions must be answered. Whatever the consequences we must impress upon the Minister this question and we must insist upon knowing why the right hon. Gentleman does not take action against the West Ham guardians who are now granting only 7s. per week for a man to live upon. How can such men be expected to keep themselves clean? We ought to approach this question and adopt a decent standard of living. Out out all this passion and this hatred of West Ham which arises simply

[Mr. Groves.]

because we have a Labour and Socialist majority, and approach these problems with a realisation that you have no right to punish a man because he is poor. A

man has no right to be de-

8.0 p.m. graded because he is out of

work, and we look to the Ministry of Health to be truly a Ministry of Health, to rise above party passions, to face the circumstances, and to help us to impress upon the West Ham Board of Guardians that this work must stop, and that they must treat the people of the West Ham Union according to the laws of decency, propriety and comfort.

Miss LAWRENCE: I know a little better now than to appeal to the Minister of Health on grounds of pity and humanity; but I feel that we have a right to get from the Minister the strict observance of the law. The Minister is very fond of appealing to the law when boards of guardians step a little beyond the law, moved by motives of philanthropy and charity. That is right and as it should be; but what I have to complain about is that the Minister encourages the West Ham Board of Guardians habitually to break the law of England with regard to outdoor relief. The law is clear and plain. Fathers and mothers must maintain their children; children must maintain their parents, but there is no obligation of any kind upon brothers to maintain brothers or upon sisters to maintain sisters; but the whole policy of this board of guardians is to attach the earnings of brothers and sisters to keep other members of the family who are not legally dependent upon them. If these people knew their job, they could get out of it, but they trade upon the benevolent feelings of brothers and sisters and cast the whole care of maintaining the younger members of the family upon the sisters and brothers. There are the children of soldiers who have been killed in the War, to whom the Government have given pensions, and this board of guardians have thrown upon them the maintenance of their step-brothers, step-sisters and step-fathers. When the Government were deciding what we ought to give to the children of men who died in the service of the country, they considered very carefully what was the proper sum to give, so that these children could get a proper up-bringing.

I will give two cases. Those cases I brought to the notice of the Minister, and he knows they are perfectly genuine. There were four children of a soldier who was killed, and the Government gave the children pensions. One of them died, and there are three of them left. They have, in the form of pensions, 23s. 6d. a week, while one of them is earning 12s. a week. Later, the mother married, and there are two children of the later marriage. To the father, the mother and the two younger children the guardians give 8s. in kind and 5s. in money, 13s. altogether. The orphans of the soldier have to maintain their mother, their step-father and the two step-children. One of the bedrooms they have sub-let for 4s. 6d. a week, because they have so little money for food, and therefore the soldier's children have nothing like the bedroom space which would make children happy and healthy. The bedrooms of the soldier's orphans have been taken away from them in order that the other members of the family may have enough to eat. There is another case, of a similar kind, where the three orphans of a soldier have 17s. 6d. a week as pensions, and earn 10s. a week. The mother married, and there is another child of the second marriage. They get 4s. a week in kind from the guardians, and 4s. a week in cash, and the rent is 4s. 2d. a week. They let one of the rooms and, again, the sleeping accommodation of a soldier's orphans has been filched from them because there is no money to feed the rest of the family. When the country voted all that amount of taxation in order that soldiers' orphans should be properly treated, it did not mean that they should be all herded into one room. This is the more wicked on the part of the Minister, because the members of the former board of guardians faced up to cases of this kind. In 1922, they communicated with the Ministry of Pensions, and the Minister of Pensions wrote a letter to them which determined their policy. He said:

"The pensions for the children of the soldier should be expended for their sole benefit."

That was not what the Labour Minister said, but what the Conservative Minister said in 1922, and that is the common sense of the matter. This money was never

voted to go in indiscriminate relief to the relations of soldiers' orphans. We voted this money in order that the children of men who died in the War might be decently and healthily brought up. Here, in those two cases, the money is being filched from them, and they are being housed in a way which is not wholesome and decent. That is what the Minister is doing.

I now come to more general matters. The Minister is very fond of saying, when certain cases are brought before him, that he cannot interfere with the discretion of the boards of guardians. But we know that the Minister has power to issue general Regulations. The old West Ham Board of Guardians, when they had to deal with an old person, gave 15s. a week. You cannot get a room in West Ham for less than 5s. or 4s. 6d. a week. The new board of guardians have cut down the maximum scale for single persons to 11s. a week. If you have to pay 5s. or 4s. 6d. a week for a room, how can you live and obtain food, firing and clothing and everything else on the balance of 11s.? It is not possible to do it. I know some of these cases, and I know that people are suffering from hunger, and that in the winter they were suffering from cold, as a direct result of the Regulations laid down by the present board of guardians. Some time or other these people will take a chill, they will not have the strength to throw it off, and, though the medical certificate will be that death was caused by pneumonia or bronchitis, the real cause will be starvation because of Regulations carried out under the auspices of the Minister of Health. I have got here in my hand the Report of the West Ham Union, which has been printed in His Majesty's Stationery Office. I do not know what authority Parliament gives to the Minister of Health to print the reports of local government authorities. It is certainly a nice way for the local authorities to save money. If he would consider extending that to the Poplar Borough Council, it would take a bit off the Poplar rates, and we would feel greatly obliged to him. They draw the attention of the world in general to the amount which they have saved in salaries and wages. They have saved something like £15,000 in salaries, and they have done it, partly, by making the

nurses work longer hours than any women engaged in nursing ought to do. When I challenged the Minister about this, the Minister denied it, and then I put a question to him, and he had to admit that what I said was true. It is put down also in the report of the West Ham Board of Guardians.

The nurses used to have at the Central Infirmary—not everywhere, but at the Central Infirmary, where the work is very heavy, they used to have a 48-hour week, which meant that they had a day off to recuperate. The new board of guardians have given the nurses a 56-hour week, which means that they do not get a clear day. The West Ham Board of Guardians did not, as they ought to have done, give all the nurses in all their institutions a 48-hour week. At Whipps Cross, the nurses have worked more than 48 hours a week, but in the Central Infirmary, where the heavy cases are nursed, they had only a 48-hour week. I want the Committee to remember that there is no such heavy nursing as the nursing in a workhouse infirmary. At West Ham, the nursing is very much heavier than in London, because in London the Poor Law guardians send the very distressful cases to the sick asylums of the Metropolitan Asylums Board. They do not keep in the workhouses in London the cancer cases and the cases of venereal disease. West Ham does, and, in these extreme cancer cases, it is not merely that the patient is dying from cancer, but very heavy work is demanded of the nurses.

If a person dying from cancer is of any weight, the nurses have to shift the patient continually, or the poor wretch is tormented with bed sores as well as with cancer, so that a nurse who is nursing a dying cancer case has not merely the ordinary work of nursing, but a great deal of heavy lifting and moving, and, if that work is not done, the patient suffers very acutely and painfully. Nurses and sick attendants are only human beings, and, in that atmosphere of death—because there is nothing so depressing to the mind of a woman or a man as to be dealing with chronic cases that cannot recover, that only leave the institution by death, to be replaced by fresh chronic cases, who in three or four months will die, too—there is no work so dispiriting, and, if the nurses do not have a short working

[Miss Lawrence.]

week, they cannot give the care and attention that they should; they cannot give the patients those little attentions that are so necessary, they cannot keep up the sort of atmosphere of hopefulness which it is their duty to keep up.

Of all the things that the Minister has done, I think one of the most petty, one of the economies which is most bitter to-day, is the lengthening of the working week of the nurses at the Central Institution from 48 to 56 hours. This is not the first time that the Minister has heard about it. It is in the Report here; it was put to him in this House; it was put to him by question and answer. He knows all about it, and he knows that the unions representing these nurses and sick attendants came to him and argued the case. They pointed out that in other boards of guardians where the work was not so heavy, in London boards of guardians—in Hackney, I think, and some others—because the nursing work is by its nature dispiriting, and because women cannot keep up a proper attitude of mind and a proper condition of body, in other workhouse infirmaries in London, they have a 48-hour week, although they do not have this number of patients. It is getting very common. The London County Council nurses have a 48-hour week. All good institutions where the work is heavy have a 48-hour week, and to re-impose a 56-hour week does mean a callousness on the part of the Minister that I, for one, cannot understand.

The ingenious cruelty of this board of guardians is terrible. Let me take the case of what is done with regard to dock labourers. A dock labourer, if he is a superior sort of man, has a tally, and the tally means that he gets work when work is going. He has to go to the Employment Exchange twice a day to sign on if he does not get work, and he has to go twice a day to the docks, which are at the other end of the district, to look for a job. This present board of guardians have passed a rule that, if a man has a brass tally, he is only to be relieved as and when relief is applied for, because they say that, if they give him anything like a regular wage, if they make an order, some day or other he may slip down to the docks and get half a day's work, and they will not know

about it. I will give particulars of a case which I investigated, and which I think has been to the Minister. During six weeks the man in question, who was getting unemployment benefit, had the following out-relief: One week he had 14s. in kind; the next week he had 29s. in kind; then there was a gap, and then he had 22s. regularly for three weeks. Then, on the 13th December, he got a day's work, and earned 19s. He got 7s. in relief, and, of course, lost his unemployment benefit. Then people say that the poor do not want to work. This man, by going to the docks, got a day's work and earned 19s. His relief was cut down to 7s., and he lost his unemployment benefit. These are the inducements that we have to give to the poor.

This man is lame. He spends the whole of his time going backwards and forwards twice a day to the docks, twice a day to the Employment Exchange, and round again to the relieving officer. He is a good attender at the docks, and once in about six weeks, with the depression at the docks and because he is lame, he gets a job; and he has to pay fares. He spends the whole of his life crawling around on that unceasing journey up to the Employment Exchange, because the Minister will not have an Employment Exchange at the docks, though we have asked him often enough. This man goes up to the Employment Exchange at one end of East Ham, down to the docks to look for work, back to the Employment Exchange to sign on, again down to the docks, and now, without a penny in the cupboard, round to the relieving officer. What makes me more angry, even than the suffering of this family, is the contempt with which the poor are treated. The Minister of Labour will not have a room at the docks in order to spare this double daily trudge up to the other end of the borough. A man may be a dock labourer, and lame at that; what is the good of considering him? Let him walk; let him spend the whole of his life in that unceasing trudge. That is the sort of life you give the people, and people do not understand the depression, the misery, the unhappiness which settles down upon a family when they have to live in that sort of way. The wife said to me that they cannot bear it. This perpetual walking and no job, with a little crumb thrown by the relieving

officer, is breaking the men's hearts, and is breaking the women's hearts too. I say we ought not to treat the poor so despitely. I cannot help what the West Ham Board of Guardians do, but to make some decent arrangement whereby this man is not kept walking round and round with his lame leg, in bad weather, is, I think, the very least thing the guardians ought to do.

I want now to ask the Minister a few questions. The last Report of the West Ham Guardians spoke about the wonderful economies they made; and one of the wonderful economies they made was to cut down the loan repayments for the half year from £127,000 to £58,000. The old board, which was so hardly spoken of, did at any rate pay back its interest and part of the principal, which the Minister quite properly accepted. In the last recorded half year, they paid £127,000 for interest and part of the principal. The Minister is uncommonly kind to the new board in the first half year and has let them off the repayment of part of the principal, so that the saving they have made is merely that they are keeping back money that the Exchequer ought to have. We should all like to make savings of that sort. We could all make very large private savings at the expense of the amount the Exchequer is entitled to demand from us. I should like to ask what arrangement is entered into with this board of guardians with regard to the repayment of the debt they owe and the amount they are to repay in future, and whether the arrangements the Minister will no doubt outline are peculiar to this board of guardians, or whether he proposes to extend the same kind, liberal and generous treatment to the destitute boards of guardians in the mining and industrial areas, and, if not, what justification has he for treating his own children so very much better than his step-children, the other boards of guardians. It is a lamentable thing that in West Ham alone the infantile mortality figures for this year are so much worse than last. A good many things have been said about Poplar, but Poplar's vital statistics compare extraordinarily favourably with those of West Ham, and it seems to be forgotten that the object for which guardians were instituted was that people who were hungry and un-

employed should have some definite standard of living. Judged by any of these humane standards, the West Ham Board of Guardians are in a very inferior position.

I should like to make one more general reflection, which ought to come home to the Minister of Health, and that is the extraordinary amount of sub-letting. East Ham is a horribly crowded place. I have known families of six, seven and eight in a room. The place is crowded so that any room can be let almost at once and, where relief has been cut down, the people have very commonly adopted the plan of all huddling together into one room and letting the second bedroom to some lodger in order to bring in a few shillings a week. The Minister and the West Ham Guardians have, to my knowledge, increased the unbearable and indecent crowding in the borough I represent. I have been to the board of guardians about a family where the father has consumption. Two children have caught it and the rest are in great danger. They are living in one room, and if a decent amount of out-relief were given they could get another room. There is not enough money to pay for the rent, even in tuberculous cases, to separate the people who are healthy from those who are diseased. If you could have the loss of life due to overcrowding, the crowding together in some cases of tubercular and healthy people, the loss of life due to debility caused by under-feeding and the general human misery caused by the operations of the West Ham Board of Guardians—if I had eloquence I could move the House, but we are not all eloquent and we can only put the plain story before the Minister. I am not putting it before him really. I do not think it is much use. I am putting it before the House, so that what we have to say may be recorded in the OFFICIAL REPORT and compassionate people up and down the country may speak, not to the Minister but to their Members of Parliament, and ask them to put some form of pressure upon the Minister.

Mr. J. JONES: I might say, along with some of my colleagues, "Blessed are they who expect little. They shall not be disappointed." The state of the Committee demonstrates the enormous amount of interest our friends in the Govern-

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ment take in matters affecting the life and well-being of the people. West Ham was singled out for a special reason. I can remember when the Bill was introduced dealing with the West Ham Guardians. At that time wholesale charges of corruption were levelled against the board, and, as I listened to the speech, I waited for the facts, but they were not forthcoming. All we got was a recitation of prejudices, but no statement of fact bearing out the charges made against the guardians. The new guardians have had nearly 12 months of experience of administration of the Poor Law in the largest Poor Law area in the country. We find that out of hundreds of thousands of cases dealt with in the course of the year they have only discovered 41 cases, out of a population of over 1,000,000, where fraud could have been proved against the individuals concerned—not corruption against the guardians, but misrepresentation on the part of the people who applied for relief. That is the sum total of the so-called corruption in the largest area of Poor Law administration in the country, and probably the most difficult area. We are cursed with more than our fair amount of casual labour. We are the victims of industrial circumstances over which we have no control. In spite of all these difficulties, with all the administrative ability and power of these ex-civil servants, on pension, and now also on salary, they can only discover 41 cases.

One of the boasts made on their behalf is very peculiar. I was a member of the board for five years, and, whenever the Minister honoured us with a visit to give us the benefit of his wisdom and counsel, we made a bit of a fuss about it. It was advertised in the local Press, and we all went to hear the wisdom that would come from the high orators who came from Whitehall to tell us all about it. On this occasion the Minister of Health came to West Ham unannounced. There was no decoration outside the building, whatever there may have been inside. He complimented the board of guardians on their administration. What is their administration. Some of our men and women have had to walk to Union Road from Silvertown because they could not afford even to pay their tram fare before they got free tickets. They went there day after day, very often from ten in the

morning to five in the afternoon, and could not have a cup of tea unless they paid for it out of their own pockets. These people can come along with a pension of £800 and salaries of £1,500 to administer the affairs of West Ham, and at the end of their first 12 months they have saved 4d. in the £ on the rates.

A 4d. rate in West Ham represents in the aggregate £60,000, but they owe the Government £800,000, because, after all, if they have taken the place of the old guardians, they have also taken their responsibilities. What have they paid back? I ask the few gentlemen who are now sitting on the benches opposite, what the appointed and paid board of guardians have done to find the money the board owe to the Government? Our men and women had a little more judgment and foresight, and they met their responsibilities. They paid all the time by levying a rate on the people in respect of the money that had been borrowed for the administration of Poor Law affairs. We in West Ham have taken up this attitude, and will continue to take it up, namely, that the relief of unemployment ought not to be a local charge, and that the maintenance of the old and infirm should not altogether be a local charge. Because we could not get other people to agree with us we have been compelled to shoulder the burden, and our rates have had to go up enormously in order to meet those responsibilities.

What have they done? They say they have borrowed no money. They have lived upon the rate that has been levied. They have not done anything of the kind. The old board of guardians applied for a loan of £300,000 shortly before the new board were appointed. We could not get the money, because, evidently, the Government had something up their sleeve, and probably the Boards of Guardians (Default) Act was part and parcel of it. What is the consequence? This new board started with a loan of £300,000. I will ask the hon. Gentleman opposite, the Parliamentary Secretary to the Ministry of Health, if he can tell us how much of that £300,000 they have paid back. It is simply throwing dust in the eyes of the people to say that they are administering the affairs of West Ham more economically than was formerly the case. As a matter of fact, if they had

paid off the requisite proportion of debt, they would have had to levy an additional 6d. rate for Poor Law purposes.

I am not going to weary the Committee with cases of hardship. The whole thing is hardship. Those of us who have been through it know that even with the most generous scale of relief it is a case of hardship for any man or woman who has to come before the Board of Guardians. Our crime is not that we have not administered the law. Our crime is that we have taken a more humane view of things than those who have been opposed to us. They think that 21s. a week is sufficient for a man wife and three children. They think that 37s. 6d. a week is sufficient for a man, wife and eight children, for that is the highest scale of relief. They have cut down wherever they can. When we were in office we used to take cases of special hardship into consideration. If parents had to keep children at home from school because they were unable to provide them with boots to wear, we used to provide the children with boots. Is that a crime? That has all been cut out now. In order to try and provide boots for these children we have to organise a private fund. I want to say that a man who will rob a child of a boot will take a penny out of a blind man's hand. That is what your so-called expert Poor Law administrators have done in West Ham. Their so-called economy is a figment of the imagination. It is not real relief and does not face the situation. We therefore hope that this Amendment to reduce the Vote will be carried as a protest against the appointment of these people.

The Minister of Health told us that he cannot interfere with the discretion of the gentlemen whom he has appointed. Why did he interfere with our discretion? Simply because we had to ask him for money. They have to do the same. They have to come to the Ministry for money just as we did. He did not merely interfere with us, but he told us we had no right to exist in spite of the fact that we had been elected by the people we represented by an overwhelming majority. When the council elections took place we obtained, in spite of all the so-called extravagances in West Ham, in every part of the Poor Law area, with two exceptions which we never expected to secure, the return of men and women representatives with considerable

majorities. This legislation will come to an end soon, I hope, as well as the Government, who are the authors of it. But what will be the new Poor Law regulation? It will be, that the local councils will have the control of Poor Law administration. I believe that that is the intention of the Government in their proposed new scheme so far as the Poor Law is concerned. The reason that a proper proportion of the borrowed money has not been paid back by the appointed guardians is because they want to hand on the baby to us.

The local councils in the various areas will have to shoulder the burden which these people ought to be meeting as they go along. They would not have been able to come out with their Report and say they had saved the ratepayers 4d. on the rates if they had shouldered their financial responsibilities in the proper way. They may have been able to cut off people from Poor Law relief, and, here and there, cut down the scale of relief, but the great sum total of poverty in this district—the district that we all know so well, those of us who live in it—remains. All that they have been able to do is simply to try and bale out the Atlantic with a spoon. All their savings really amount to nothing. The only thing they have done is to squeeze a shilling out of those who cannot afford the sacrifice, and they have endeavoured to make the Poor Law stink in the nostrils of the great mass of the people. The people they hit most are the people to whom they pretend to be most sympathetic—the old people. I know, in my own district, of a case of a man who has two sons, who are out of work, living with him. The sons are drawing unemployment benefit and their father's relief is cut down because they are drawing this unemployment benefit. What is the good of humbugging us about or talking about National Insurance Acts when you give a man a few shillings with one hand and devise schemes for taking it away with the other? It is playing ducks and drakes with what may be called, common or ordinary honesty.

The Minister says he has no control over these appointed guardians. During the five years I have been a member of the board I have always understood, as far as we had the law explained to us by the greatest lawyers on Poor Law matters—and the late Mr. Smith, who was a mem-

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ber of the last Royal Commission on the Poor Law, so informed us—that no relief could be given or recognised except that it was passed by the properly constituted committee of the board, and finally passed by the board itself. Relief committees used to meet in various parts of the Poor Law area and examine every case, and upon the facts placed before them and the reports of the investigators and relieving officers decided to give what we called relief. The chairman of the relief committee signed these orders, and, if they were on loan, an entry was made in the margin of the book that the relief was granted by loan. What do I find now? This so-called board of guardians do not even meet together.

They do not meet the people who apply for relief; they do not interview the people who are in receipt of Poor Law relief, but they pay 7s. 6d. a day to young clerks to go to the various relief stations and hear the cases put before them and make orders for relief. Is that administering the Poor Law? When the right hon. Gentleman moved the Second Reading of the Board of Guardians (Default) Act he told us that there was no intention to alter the law but only the administration as far as West Ham was concerned. I ask, here and now, is it not the law that the so-called guardians of the poor must themselves be the authority to see that the people who apply for relief should have investigation of their claims, and that the orders should be properly made out? In the old days, we did not send young clerks from the office to do that sort of work; we sent clerks to take records of the work of the committee, but, as far as the actual granting of relief was concerned, it was granted by the guardians themselves.

All that has been reversed. The House Committee meets after the board is supposed to have met, thereby reversing the whole procedure. The Relief Committee formerly reported to the House Committee, and the House Committee reported to the board. A clerk is sent to do the work which the Relief Committee used to do in conjunction with the relieving officer, and the board merely meets to sign the relief. Where is the corruption now. Thousands and thousands of pounds are signed away in relief, and the men who sign it have not seen the

people concerned but have simply paid junior clerks to do the work for them. These are the men who charge us with corruption. We are babies when it comes to a question of maladministration.

Our opponents in West Ham cannot get in by a free vote of the people. They cannot win a seat in the overwhelming majority of constituencies in the Poor Law area; but by underhand and back-stair influence they got hold of the Minister, and the Minister was a willing tool in their hands. Now, they are finding that the goods have not been delivered. They were to show us up and to demonstrate how corrupt we were. They were going to save an enormous sum of money. They have done nothing of the sort. They have all the problems facing them, and now they have a little bit of sugar for the bird. There is to be a new works started in Silvertown to employ 200 or 300 men for the time being. That is held up as a great record of what these men are doing and of the work they are bringing into the borough. They have had nothing to do with it. They have as much to do with it as I have to do with the flying of the Atlantic by Captain Lindbergh. They are boasting of this sort of thing; but they forget about the 3,000 men who are signing on at the Employment Exchange in the southern part of the borough. They forget about the 15,000 people who are almost on permanent relief. They are not able to cut them down, except by surreptitious methods.

They have not touched the problem of poverty, either from the local or the national point of view. This report which they have issued is an insult to the people of the district. It will take many more men than Sir Alfred Woodgate and his friends before they are able to tackle the problem of poverty. Instead of appointing these paid gentlemen to come and show us how things can be done, it would have been better had the Government set themselves to the real problem; how to get rid of the problem of casual labour, and try to get rid of the perpetual curse of men having to tramp from factory to factory and workshop to workshop in search of a few days' work. It is a crime that men should have to tramp from Silvertown to Poplar to sign on, for the chance of getting a few paltry shillings of un-

employment pay. These men have paid for this benefit. Why, then, should they be forced to undergo this inconvenience? When a man has been paying into an insurance fund he ought to be able to get benefit without being put to so much inconvenience. He has helped to build up the insurance fund and he is entitled to receive the benefit, without obstacles being put in his way. It seems to be the object of the Government to make it as difficult as possible for men to get their unemployment benefit, and to humiliate them and degrade them to every possible degree. It is as difficult for a poor man to get the benefits for which he has been compelled to pay, than it is for a rich man to enter the Kingdom of Heaven. We are told that this is scientific administration. I call it scientific robbery.

We in West Ham are not ashamed. We have no apology to offer. Our men have challenged the Government. The members of the board of guardians are ready to stand in the dock if you will put them there. If you have the courage to put them there and make any charge against them, they are ready to go. Up to now, they have administered things to the best of their ability. They are clean and honest men and women, trying to do their best under difficult circumstances. A few years ago we had a scandal in West Ham and a great fuss was made in the country, but it was soon dropped when it was discovered that seven out of the eight people who had got into trouble were members of the two parties who occupy the other parts of the House, and not these benches. One Labour man was found in the cart, and he went through it. Not merely was he sent to prison, but he was expelled from the Labour party when we found out the game that he had been playing. The others came out of prison and they are very respectable people to-day, benefiting by the fact that they belong to the respectable parties. Our men and women are willing to go through any kind of investigation. Our record has been clean, as far as it is possible for human beings to be clean in public life.

The appointment by the Government of men to come to West Ham to administer our Poor Law affairs has demonstrated itself to be a failure. If the Government have no other idea of public

administration than the appointment of paid officials of this sort, it is only another proof of their lack of foresight and their extravagance. They opposed us when we asked for one shilling allowance for lunch for men who spent from 10 o'clock in the morning until five o'clock in the evening, on three or four days in the week. They would not allow that and the auditor would not allow it as an allowance for food, although some of these men who were doing this public work were only casual labourers. The Government appoint men who have £1,500 a year, in addition to a pension of £800. Of course, they are honest men, while our people are supposed to be corrupt. As far as we are concerned, man for man and woman for woman we are cleaner than the people who have supplanted us.

This Amendment has been put down for the purpose of bringing these matters before the public. We who represent West Ham are willing to face you wherever and whenever you like and to take our stand as far as our administration is concerned. Our only crime has been to do justice to the people, as we know them. We have tried to help them in their adversity and through the valley of the shadow through which they have been passing. The fact that the benches of this House are so empty demonstrates that the Government have no case; but later on their supporters will be here. The men who will spend more on their dinner to-night than they are prepared to give to a man for food for a week, will come here, later on, with the tears glistened down their shirt fronts, and they will show what they think about West Ham and its board of guardians, and what they think of the people we represent. But a day of reckoning is coming, and when the facts are known and the truth is out West Ham will again be rehabilitated.

We have nothing to be ashamed of and nothing to hide. We can face the future with every confidence. We are not in the dock; those who are against us will be in the dock when the real issue is faced. We are anxious that this Government, having had the experience which they have had during the last 12 months of their pets administering public affairs, should go to West Ham and say, "Look what we have done for you! We have saved you a lot of money. We have reduced your rates. We have reduced

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your debt responsibilities. Now, having every confidence in the common sense of the people, we will send these three men about their business and allow you to elect your own board of guardians." I wish they would do that; but they do not do that. We in West Ham are not afraid; we are ready for any judgment that may be placed upon us, but we want the right hon. Gentleman to give definite answers to definite questions. How can he justify the policy that has been pursued? He cannot do so. Therefore, we want to draw attention to the fact that while the people of West Ham have been called upon to face their responsibilities, the Government instead of facing their responsibilities and tackling the problem, have been playing with public administration.

Mr. W. THORNE: Up to the present we have not had present any hon. Member on the other side of the House who represents the district whose affairs we are discussing to-night. I believe I am right in saying that there are three hon. Members on the other side who represent the Poor Law area of West Ham, and one would have thought that they would have been in their place, either to back up the Government or to have something to say on the Poor Law administration of the district. I am much indebted to the three previous speakers for the excellent way in which they have put their case, more especially the hon. Member for Stratford (Mr. Groves). He gave the Committee a number of hard cases, as did also the hon. Member for East Ham, North (Miss Lawrence), and I have no doubt that the hon. Member for Silvertown (Mr. J. Jones) could have given a similar number of hard cases. I myself, during the last 11 months, have received at least 200 complaints from people living in my own Parliamentary Division or in the West Ham Poor Law area as to the harsh treatment they have received at the hands of the present Poor Law Commissioners. Twelve months ago it would have been impossible for such complaints to be raised in this House. Twelve months ago the old board of guardians was functioning, and the only complaint made against them was that they were a little generous in giving Poor Law relief to large numbers of men and women who were out of work or in

very difficult circumstances. During the course of the Debates on the Boards of Guardians (Default) Act, on the Second Reading, during the Committee stage, on Report stage, and also on the Third Reading, the Minister of Health, and the Parliamentary Secretary also, used the words "corruption and mal-administration" on more than one occasion. If any hon. Member cares to look up the Debates he will find that these words were used many times.

Like my hon. Friends on this side of the House I shall be much interested if the Parliamentary Secretary or the Minister of Health himself, or the present Poor Law Commissioners, can supply the Committee with any information as to these mal-practices or corruption, which it is said went on during the time when the old board of guardians was in office. The Poor Law Commissioners have now been in office for 11 months, and I take it for granted that during that time that have made a minute examination of all the books of the old board of guardians, which are now in their possession, and it goes without saying that if there had been any cases of corruption or mal-administration that they would have been brought to the notice of the Minister of Health long before now. The only conclusion to which I can come is that the charges made against the old board of guardians have gone; that there is nothing of the nature of corruption or mal-administration. During the past 11 months I myself, as well as many of my colleagues, have put down questions to the Minister of Health about matters connected with the Poor Law administration in the area of West Ham and on every occasion we have been told that the Minister of Health has absolutely no control at all over the present Poor Law Commissioners. They are appointed in accordance with the Act which was passed by this House and have taken over all the duties and functions of the old board of guardians. If the Minister of Health has no control over the present Poor Law Commissioners, certainly, so far as the citizens of the Poor Law area are concerned, they have no control whatever. We can criticise them, but that is about all that we can do. We can bring harsh cases before the notice of this House from time to time and we can ask questions and get replies from the

Minister of Health, who I take it sends down these questions to the Poor Law Commissioners in order to get their replies. But this is the only thing we can do. Where you have a properly constituted board of guardians you have some control, because every 12 months the citizens of particular wards in the area of West Ham, as in any other Poor Law area, have an opportunity of expressing their appreciation or disapproval of the work done by the board of guardians at the election which then takes place. But in the Poor Law area of West Ham, the whole population, or at any rate the whole of the voters, have been absolutely disfranchised and have no opportunity now of expressing their appreciation or disapproval of the work being done by the present Poor Law Commissioners; and as far as I can see we are never going to get any such opportunity. I think the term of office of these gentlemen expires about the middle of next month. At the moment, I am not certain of the actual date, nor do I know whether they are going to be re-selected. You cannot say that they are to be re-elected; but re-selected. If they are to be re-selected we do not know how long they are going to remain in office. We have been told that later on in the Session the Minister of Health intends to press forward as fast as he can with a measure of Poor Law reform. It has been announced in the House that the Government intend during the next Session to bring forward a Bill which will abolish the present boards of guardians in some, areas, if not in all. That is the information we gather from the Press. I know it may be out of order to discuss the Government's intentions with regard to this legislation, but we are led to understand that this Bill is coming forward and that there has been a compromise in the case of some rural areas that so far as they are concerned they will not be interfered with by the provisions of the Bill.

Another complaint we have to make is that the present Commissioners are not paying their way. I take it for granted that every council in every borough or rural area in this country—they number in all about 1,900—when it borrows money has a sinking fund to pay off principal and interest. I cannot imagine that any local authority would borrow

money without setting up such a sinking fund. I am sure that if the present Chancellor of the Exchequer came along to the House next April, when introducing his Budget, and dispensed with his sinking fund, every Member of the House would cry out bitterly against the proposal. The sinking fund that was in operation in the Poor Law area of West Ham has to all intents and purposes been abandoned, though not altogether, for certain sums of money are being paid. I would remind the Committee that on 6th July, 1925, I asked the Minister of Health whether he was prepared to issue a statement showing the amount of loans lent to various boards of guardians in all parts of the country, with the rate of interest charged for each loan, and the amount of principal and interest paid each year. The reply given showed the amount of the loans raised by the various Poor Law authorities, and included a table showing the amount of interest and principal that should be repaid every year.

In this table I find that for the financial year 1925-26 the then Poor Law guardians of West Ham would be called upon to pay in principal and interest £239,644; and for 1926-27—I am not sure whether the table gives the figures to the end of September, 1927, or to the end of the financial year in March—the amount of principal and interest that the present Poor Law Commissioners, or the old board of guardians if it had been functioning, would have been called upon to pay was £328,563, and for 1927-28 £354,256. What we want to know is, what amount of money they have paid for 1925-26 out of that £239,644 and for 1926-27 what they have paid of the £328,513? I asked for that information because the Parliamentary Secretary to the Ministry on one or two occasions has said that the people of West Ham are well satisfied with the present administration, and I think he said that they have saved the ratepayers something like £800,000. If that be true, I would like him to explain how that saving has been made. Personally I should be exceedingly glad if it could be proved that the present Commissioners have saved the ratepayers that amount. If they have done so, the rates ought to have been reduced very much more than they have been. All that they have done is that

[Mr. W. Thorne.]

On two occasions, once for the half year ending September last, they reduced the poor law rate by 2d. in the £, which represents about £29,000. Therefore, a 4d. rate represents very much less than the £800,000 alleged to have been saved.

I shall be glad if the Parliamentary Secretary will tell us to-night the amount of money that they have repaid to the Treasury, or to the Goschen Committee, which is the same thing, and we shall then be able to judge whether they have really saved a 4d. rate or not. I am more than convinced that if they had been called upon to pay their way exactly as the old board of guardians would have been called upon to pay their way, this 4d. rate could not have been saved. If the present Commissioners are by good administration saving money for the ratepayers, well and good, but, as has been said, this amount of money has been saved at the expense of the poor people of West Ham. Whatever the Parliamentary Secretary may say, and whatever Sir Alfred Woodgate and his two colleagues may say, we know perfectly well that this amount of money has been saved at the expense of a very large number of poor people in West Ham. Numbers of cases have been given by my hon. Friend; where either the father is in work and is compelled to keep his unemployed son, or where the father is unemployed—there are large numbers of them out of work—and the sons are at work and the unemployed father has to be kept by the son, and so forth. I have had particulars of a case sent to me this morning.

Sir K. WOOD: Is that a case in Poplar?

Mr. W. THORNE: It is the case of a woman of the name of Boswell, who lives in Canning Town, and I do not know whether she is in my division or that of one of my hon. Friends. I know that one thing which will be flung at me to-night is that the present scale of relief was operating when Sir Alfred Woodgate was called upon to function for the Poor Law guardians. That is quite true. I do not dispute that statement, but why was the then board of guardians compelled to cut down the scale of relief? At that time, the maximum relief was 55s. a week for a man, wife and a certain number of

children. The board of guardians was asking for a loan, and the Minister imposed conditions upon them. That gave rise to a quarrel which I had with some of my own friends in the borough, and which perhaps caused a great deal of irritation. I have been howled down on the public platform because I said I thought the guardians would have been wise had they accepted the advice which was given by myself, by the hon. Member for Silvertown (Mr. J. Jones), by the hon. Member for Stratford (Mr. Groves), and also by the hon. Member for East Ham North (Miss Lawrence).

If they had done so, the Board of Guardians (Default) Act would never have been brought in, because it was aimed at the borough of West Ham. Had they taken our advice, and accepted that loan, the Default Act would never have operated, but that is by the way. About two weeks before the Labour board of guardians were deposed, they had only a few thousand pounds in the bank, and because of the restricted means at their disposal, they had to bring down the scale of relief from 55s. to 40s. 6d. We know the Masonic understandings that are arrived at between the banking authorities and the Ministry of Health. There is no need to send letters to the manager of the bank, telling him how to deal with a situation like that. They can get through on the telephone and give a quiet whisper that the bank ought to do this or ought not to do that, and there is nothing in black and white to show what has been done. The bank refused to allow the guardians any more overdrafts, although they had been charging the guardians a very decent rate of interest. Since the present Poor Law Commissioners began to operate, the bank authorities are making it easy to get overdrafts and I think I am justified in saying that they are allowing the Commissioners more overdrafts at a lower rate of interest than they were allowing the guardians. They are trying to make it appear that the gentlemen who are now operating can do the work better than the board of guardians.

I do not know whether I shall be entitled on this occasion to raise the main question, but this Vote deals with the salary of the Minister, and all boards of guardians and necessitous areas are under his control. For a long time, in fact since 1921, a number of my colleagues and I

have been pegging away at this question and have tried to impress on successive Governments the need for financial relief to the necessitous areas. Several schemes have been presented, including schemes prepared by the borough treasurer of West Ham, and, I think, also one by the City Corporation Poor Law authority. These schemes were placed before the committee which was set up to inquire into the question of the necessitous areas, but they have all been turned down. The present Minister of Health then concurred in the position which we on this side took up. We have said over and over again that it is unfair for a Poor Law area like West Ham or Bedwelty to have to bear a burden of this kind, and that the burden ought to be a national charge. On 20th June, 1922, I had the honour of introducing a deputation to the then Prime Minister, who was, I think, the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George), and the present Minister of Health, then a humble Member of this House, was one of the deputation. I notice that there is all the difference in the world between a rank and file Member of this House and one who becomes a Minister. Apparently, when a Member becomes a Minister, he may have to eat some of the expressions which he has used as a private Member on one side or the other. This is a part of the speech made by the right hon. Gentleman the present Minister of Health on that occasion:

"I do not think I need detain you but a very few minutes. I have been asked to speak on behalf of the boroughs rather than on behalf of the guardians. The case is very much the same from the general point of view. As ratepayers, we are not here to ask for relief in respect of the ordinary demands made on the guardians, but to point out that owing to the quite unprecedented circumstances connected with unemployment the burden is falling very heavily on certain industrial districts. The table appendix shows the number per thousand in receipt of relief. Birmingham has 8 per cent. of the population, and Coventry 6½ per cent. Then in the district between those two towns, about 20 miles away, a little while ago there were only 13 people who had applied for relief to the guardians, and they were able to find them employment by giving them jobs on the roads. Although that district is largely responsible, being on either side of it, it practically escapes any burden. We suggest that this is a national question and has been recognised as a national question by the passing of the

Unemployment Act, and extending it to the whole country, and the burden ought to be more evenly distributed."

Some of the deputation said "Hear, hear!" to that statement, and the right hon. Gentleman proceeded:

"If you make the industrial districts bear the whole of the relief of the unemployed, you are going to increase the rates and the evil must still be remedied. It will cause them greater hardships. Out of some 650 Poor Law areas, only about 200 are seriously affected by this question of relief. That shows how very uneven this distribution is and that it should be spread a little more evenly. I have been asked to present the original petition from Walsall and Smethwick, and a number of other places." We all said "ditto" to that statement. That is our case. We have been pleading, ever since 1921, for the recognition of this grievance. Hon. Members opposite can say what they like to-night or at any other time as long as they are sitting on those benches, but there is no remedy for the present state of things, in West Ham or Bedwelty, or Birmingham or any of the large industrial centres throughout the length and breadth of the country unless there is a better method of fixing the incidence of taxation.

The CHAIRMAN (Mr. James Hope): The hon. Member has kept magnificently in order up to now, but he is proceeding to deal with a matter, in connection with which legislation would be necessary.

Mr. THORNE: I will conclude by hoping that the Parliamentary Secretary will give some reply to the questions which have been put to him by the hon. Members for East Ham, North, Stratford and Silvertown and to the question which I have put, which is very important, and see whether he can state the total amount of principal or interest that this present board of guardians have paid. That is the point I want to get at. If he can do that, the Committee will be able to observe to-morrow, when they read the OFFICIAL REPORT, whether the board of guardians are paying their way or otherwise. That is the acid test, and I hope the right hon. Gentleman will be frank and candid and say whether he can give the information. It will be very interesting to me and my colleagues, because we do not want unduly to criticise the present Poor Law authorities. If they are paying their

[Mr. W. Thorne.]

way and saving the rates—not at the expense of the poor—and at the same time giving a proper scale of relief—I am quite sure that we shall be satisfied.

I know perfectly well what the Poor Law problem has been in West Ham ever since I have been in the borough for over 44 years, and it is worse to-day than when I first went there in the latter part of 1882. Personally, I believe it will be very much worse, and I do not see how you are going to get any relief unless by some scheme of finding work for men and women out of employment. The Blanesburgh Report admits that even if you get back to normal trade you are going to have 600,000 men and women on your hands for all time, and places like West Ham will have a decent number of them. Therefore, either this Government or some other Government will have to tackle this very important problem. I am not prepared to admit that this Government, or even a Labour Government, can solve the unemployment problem for the next few years to come, because I am more than ever convinced that this problem cannot be solved under the present commercial system. It is a physical impossibility because of the rapid introduction of scientific machinery and speeding up, for no employer of labour will lay out money for the purchase of any kind of mechanical appliances unless it is going to save wages, which in its turn means saving labour and thereby throwing men and women out of employment. We have got more men out than ever we had in spite of all the rapid methods of production. There are still over 1,000,000 out of work. As long as you have your present system, you can rest assured that you are going to have this very large number out of work, and as a preventive and palliative this Government, or some other Government, will be absolutely compelled to give some kind of relief to Poor Law necessitous areas, like West Ham and other places. The Committee may think I have made a rambling speech, but I have done my level best to put the case forward on behalf of the people of West Ham.

Mr. TEMPLETON: It was noticed a few minutes ago by some of my hon. Friends that I was in travail of speech, and I was reminded by an hon. Member

that West Ham is not in Scotland. I quite realise that West Ham is not in Scotland, and, as a devoted Presbyterian, I humbly thank God for that. For the reason that West Ham is not in Scotland, it is not my intention to say anything at all on the subject of the West Ham Guardians, but rather, as the question before us is much broader and bigger than the consideration of one single part of the King's Dominions, again to draw the attention of the Minister to the position of people in a far more salubrious part of the country than West Ham can possibly be. It must be good, indeed, in midsummer that we should get a breath from the Moray Firth of the fine salt-laden air of that district, after hearing all this talk about West Ham, East Ham, and all the other Hams. Rather more than a year ago I put a question to the Minister of Health in regard to the position of share fishermen of the Moray Firth under the Widows', Orphans' and Old Age Contributory Pensions Act, and asked him what was the intent of the Government in order to give these men and their families the benefits of that Measure. I received the reply from him that it was the intention of the Government some time to introduce a Measure to amend the National Health Insurance Act.

The CHAIRMAN: I am afraid if he wants legislation, the hon. Member is not in order in pursuing this matter. If it be within the discretion and power of the Minister, he can, but, if he wants a Bill, I am afraid he cannot raise it on this occasion.

Mr. TEMPLETON: I do not want to press for a Bill. I am merely recounting the history of my question to which this was the answer. The point I was putting depends very much on this answer being understood. He said that it was the intention of the Government to amend the National Health Insurance Act, because, as I have pointed out to the Parliamentary Secretary of Health in various conversations we have had, we have here on the Moray Firth a body of men whose weekly earnings for a vast number of years have not averaged £1 a week and who yet are not employed persons according to the meaning either of the National Health Insurance Act or the Act to which I am referring. Yet they are called upon, not only as ordinary taxpayers, to bear

their share of the State's proportion of these benefits, but also as employers—six of them in every herring drifter being the employers of three employed persons—to pay their share of the employer's contribution in regard to the three employed men, all of whom are at least as well off as the share fisherman is himself.

In these circumstances, I should like to ask the Minister what he proposes to do. We have had some years of the worst possible trade when, on account of the socialisation of the means of distribution in Holy Russia! there has been a terrible falling off in their trade and industry in the purchase of the commodity they have to sell. On that account, they have been reduced to very great extremes of poverty, and they have been called upon, under a beneficent Measure, to bear increased taxation in order to provide funds for other people out of their meagre earnings. Much as I admire this Measure and approve of the principle of those who are in work and in health supporting those who are not, it puts these men in a position of having an extra burden placed on their shoulders while they themselves are not in any circumstances able to participate in the benefits which that burden brings.

I should like to press the Minister to consider their case and to make sure that there will be the means of bringing such men under the scope of this Measure, so that they may attain what benefits are going for the money they have paid. I have no wish to say anything in regard to West Ham or to any other question but this one. I have made this one of the things that I have pressed upon the Government and upon the Ministry at all times, in season and out of season. Here you have a body of men who are not grumblers or grouseers, nor are they those who call on the Government to do something to make it possible for them to live without working, but who are honest and industrious and hard-working and who have been hardly hit by the politics, not of this country but of another country, and who deserve well of this or any other Government in order that they may be able to earn an honest living and have that which they are paying for given to them in common with the other workers of the country.

Mr. MARCH: I believe we can safely say that the four representatives of East and West Ham have given very good illustrations as to the mismanagement of the Government's representatives on the board of guardians in West Ham, and it is very appetising to hear one of the Government's supporters complaining about their wonderfully exploited Widows and Orphans Pensions Act, which, no doubt, in many instances has done a great deal of good, but there are many anomalies in connection with that Act, one of which has been mentioned by the hon. Member for Banff (Mr. Templeton). In this Vote, I see that there are some expenses connected with that Act. We said, before it was passed by this House, that it was necessary that all widows should be included in that Measure, but the Government thought and said otherwise and were backed up by their supporters, but now, when they begin to have these anomalies brought home to them, it may make them think a little more.

In this Vote also is the question of grants, and we should like the Government to have continued making grants to assist the necessitous areas in the provision of work for able-bodied unemployed men in their districts. The withholding of such grants has meant that the work has been cut off and that larger numbers have been forced to go to the boards of guardians for assistance. I have in my hand a return that has been made by the clerk to the Poplar Board of Guardians, from which we find that at the end of last year no fewer than 200 a month were cut off from unemployment benefit and forced to go to the guardians for assistance. That is a big number, and, the council having completed practically all the work that it was allowed to put in hand with assistance from the Government, the only place to which these men can go is the board of guardians. There is a very large number of the men in the district of Poplar, which, like West Ham, is practically a dock area, who are only casual workers, and naturally their wives and families have to depend upon them from day to day. The result is that some 3,000 extra have been receiving relief from the board of guardians as compared with the year before, which naturally keeps up the guardians' expenditure.

[Mr. March.]

I can see, as the hon. Member for Stratford (Mr. Groves) has already said, men with whom I worked years ago gradually deteriorating, getting lower, getting weaker, and getting worse. I can also say, as a Justice of the Peace who is called upon on various occasions to go down to the workhouse under the Poplar Board of Guardians to certify people who have lost their reason, that I know they are increasing the numbers compared with two years ago. They are gradually being driven into the asylums; others are driven into the hospital under the board of guardians; and many of them are being driven into the workhouse itself. Their numbers are increasing month by month in those three institutions, and the cause of it is the long term of unemployment and the action of the Minister in telling boards of guardians that they must cut down their relief. It seems to us that the Minister thinks that the longer these people have been getting assistance from the guardians, the less they can do with, instead of requiring more. As you gradually cut them down, even if it is only by a shilling a week, it makes all the difference to the people in getting little nick-knacks that they could get with that shilling. The result is that they have to deny themselves of something or other, and denying themselves means making themselves weaker and more demoralised than they were before. Their only resort is to go into the workhouse or into the hospital, or, if they try to carry on and lose their reason, to get certified to go into the asylum.

Would it not be better, both for the Government and the country generally, to give these people reasonable food and conditions and to keep them out of the asylums? They cost more in the asylum or in the workhouse or in the hospital, and, therefore, we think that the Minister would be well advised to reconsider and review the whole position in those places, like West Ham and Poplar, where they have had these unemployed for so many years. We should very much like to see something done in the way of finding work for these people, but there are many of them who have been on Poor Law relief year in and year out, and there would be some difficulty in their being able to do the work, even if work were found for them, and then we should get the Minister and his supporters saying

that these men do not want work when work is found for them. Mainly, it would be because they had got so weak and so demoralised that they could not do the work if they were called upon to do anything that was laborious at all. To avoid that, the best thing would be to find them useful employment and to pay them reasonable rates of wages. I should like to see that done, and I am sure that the men themselves in the district would prefer to be at work rather than to go either to the Employment Exchange or to the board of guardians. If the Minister can do something in that direction, he will be doing something that will be beneficial to the community at large.

Sir K. WOOD: I propose to-night to deal only with the main topic which has occupied the attention of the Committee, and I will suggest to hon. Members who have raised one or two other points—for instance, in connection with widows' pensions, or, like my hon. Friend the Member for Banff (Mr. Templeton), who raised a very important point so far as a very excellent body of men are concerned—that we shall be able, I have no doubt, to go into those matters further on Wednesday next, when again the Estimates of my Department will be before the Committee. I have no doubt that on that occasion it will be possible further to explore the point which has been raised by the hon. Member for South Poplar (Mr. March). The hon. Member for Stratford (Mr. Groves), who opened this discussion, raised two matters. The first was in connection with the administration of the Blind Persons Act, and the other was in connection with the administration of poor relief in his constituency. I want to say a few words with reference to blind persons, and to assure the Committee and my hon. and gallant Friend the Member for St. Pancras (Captain Fraser), who is deeply interested in this matter, that considerable progress is being made in the administration of the Blind Persons Act. If one wanted a test—not by any means the best test, but certainly a test—of the work that is being done, one has only to look at the assistance which has been afforded by the local authorities and by the State. In 1921-22 the local authorities contributed only some £14,600 towards assisting blind persons, whilst this year, 1926-27, it is estimated that no less than £173,928 is to be given by the local authorities alone.

There is the same record of advance in the contributions from the State. In 1921 the State contributed £69,886, whilst in the present year we estimate that a sum of £113,000 will be given. I have not finished when I have made that statement, because one of the best things in connection with the administration of this Act is the great assistance obtained from voluntary sources. I am very glad to say there has been no reduction in the contributions from the many people who do so much to help the blind. During the year 1922-23 the total income of the 130 voluntary agencies to which grants are given was £378,535, and in the year 1925-26 that sum had actually risen to £420,473.

Mr. KELLY: Do you suggest that is adequate to deal with this big problem?

Sir K. WOOD: Opinions differ on the question of adequacy, but at any rate in all these cases—contributions from the local authorities and the State, and assistance through voluntary agencies—there has been a very great increase indeed, and to that extent we are progressing.

Captain GARRO-JONES: Can the hon. Gentleman tell the Committee to which of these blind societies he allots the sums contained in this Vote and what are the amounts.

Sir K. WOOD: These sums provided by the State are given to some 130 approved voluntary associations. I could not give the names to-night, but if the hon. and gallant Member is interested in any particular association I shall be glad to give him any information I can. The final point I wish to make about the observation made by the hon. Member for West Ham in this connection is this. I rather gathered from his speech that at some time or other he wanted my Department, so far as the administration of this Act is concerned, to put all these blind persons under the sole supervision of the State—to rely solely on the assistance of the State. I venture to suggest that to do that would be a very great mistake indeed. One of the best features of the administration of the Act is that we are able to co-operate with the many splendid voluntary associations which are carrying on this work.

Mr. B. SMITH: Will the hon. Member give us the administrative costs of these various associations? We have heard a story that it costs a sovereign to give a sovereign away. Perhaps the hon. Gentleman will confirm that statement, or otherwise.

Sir K. WOOD: If the hon. Member will put a question to me upon that point, and we have the information, I shall be glad to give it to him. I myself have heard of no criticism in this connection so far as the voluntary agencies for the blind are concerned, and I think the hon. Gentleman who occupied my position previously would confirm that. Whatever views we may take about that, and whatever the facts may be, I want to emphasise the point that we ought to be very careful indeed before handing over to the sole care of the State these people, who are deserving of very great help, because very likely we should endanger the voluntary contributions which are given at the present time. I think we are pursuing the right policy in assisting by State contributions properly-approved voluntary associations and leaving the work to a large extent in their hands.

The principal subject which has occupied the time of the Committee to-night has been the administration of Poor Law relief in West Ham. I would like to make some observations upon the statements which have been made by hon. Members opposite without, I venture to say, much reflection on their part and without many facts to assist them. Some of them I can only term as extraordinary statements. What is the present position so far as the administration of Poor Law relief in West Ham is concerned, and what are the intentions of the Minister towards the present administration? That question has just been put to me by the hon. Member for Plaistow (Mr. W. Thorne). The legal position is this: Last year, the House passed the Board of Guardians (Default) Act, passed it by a very large majority indeed, after the presentation of a very strong case for interfering with the normal course of local administration in West Ham. Under that Act my right hon. Friend was empowered to appoint guardians in substitution for those who would be disqualified from serving, if the terms of the Act came into operation. My right hon.

[Sir K. Wood.]

Friend exercised that power in connection with West Ham, and, I think, two other local authorities. In West Ham he appointed guardians who have been conducting the administration of Poor Law relief in that area. The period of 12 months for which the guardians were in the first instance appointed expires on 18th July next. So far from being dissatisfied, as three or four hon. Members opposite appear to have been, with the administration of that area by the newly-appointed guardians, my right hon. Friend, and I think the great majority of hon. Members in this House, and, if I may say so, the great majority of people in West Ham—

Mr. W. THORNE: Rubbish!

Sir K. WOOD:—and, if I may so, the great majority of people who have followed events there, take the view that these guardians have certainly carried out their work with great success, with great benefit to the district, and without doing harm to a single deserving person. Holding that view, my right hon. Friend proposes, and has taken the necessary steps, to continue the newly-appointed guardians for a further term of six months, which is the maximum period of extension allowed by the Act under, I think, Clause 2. The grounds upon which the Minister of Health asks for the extension of that period and the further postponement of the election of guardians is that, although good work has been done and great progress has been made, the work of the newly-appointed guardians, in his judgment, in restoring normal conditions in West Ham in the matter of relief, and the restoration of its financial stability, is still incomplete.

For a few minutes I want to justify the decision which has been arrived at, and answer some of the statements which have been made. So far from regarding the appointment of the newly-appointed guardians in West Ham as an attack upon democratic government the position, so far as West Ham is concerned, is that the more one considers the fact the more one must be driven to the conclusion that but for the temporary appointment of these new guardians the ordinary type of democratic government in West Ham would have absolutely failed altogether.

I thought to-night when I heard the statements made by hon. Members opposite, and particularly by the hon. Member who opened the Debate, that they must have very short memories indeed, and they must have entirely forgotten the situation and the state of affairs which existed when the Minister of Health stepped in and asked the House to pass the Boards of Guardians (Default) Act.

What was the position under the old dispensation? The hon. Member for Plaistow seems to have forgotten a good many of the things which he used to support in the days of the old dispensation, because at the end of the last financial year for which they were responsible the balance of outstanding loans in West Ham was £1,525,000 or equivalent to a rate of 11s. 7d. in the £. On May 1st, 1926, the number of persons actually in receipt of relief in the West Ham Union was 70,506, or 919 per 10,000 of the population. At that time, the banks had refused to lend any more money to the guardians. The hon. Member for Plaistow told us that someone had to get on to the telephone to advise the banks not to lend the old board of guardians any more money, but that was quite an unnecessary operation. The reason was perfectly plain, and it was because bankruptcy was certainly in sight. What was, in my opinion, almost worse, was not the financial aspect but the grave moral results which had followed the policy of the old West Ham Board of Guardians, because many people had been taught in that district that it was far better to be in receipt of relief than to be at work. At that time there were numerous cases where a man and a family of five were far better off in receipt of relief than the family would have been if the man had been at work at the rates of wages then obtaining. In dealing with the old board of guardians the hon. Member for West Ham—

Mr. W. THORNE: Which hon. Member do you mean?

Sir K. WOOD: I mean the hon. Member who opened the discussion (Mr. Groves). He stated in dealing with the old guardians that the Minister of Labour had acted very unfairly, and 10.0 p.m. had simply relied on an auditor's report, a copy of which he had 12 months ago. There was a good

deal more than that. Hon. Members representing the West Ham district would no doubt recollect the many admissions which were made by individual members of the West Ham Board of Guardians in public addresses which, so far as their own administration was concerned, admitted that they had failed to realise their duties, and had entirely abused their membership as members of the West Ham Board of Guardians. I only need to remind the Committee, in order to justify the steps taken, of a statement which was made by Mr. Killick, the Vice-Chairman of the West Ham Board of Guardians, who is a Labour representative and the agent of the hon. Member for Plaistow, who said:

“He must admit that Mr. Ward was correct when he charged the Socialists with using the guardians’ relief for political and personal ends. He regretted he had to say that the way in which some of his colleagues were canvassing the unemployed had become such a scandal that something would have to be done to put a stop to it.”

At a meeting of the same board of guardians on 10th June last year Mr. Killick said:

“Some of the things done in the name of the West Ham Guardians, well the least we can do is to be ashamed of them. When you are elected as guardians you do not go to give out-relief as though you were giving away hand-bills. We have been landed in this position by people who have entirely abused their membership of the Board of Guardians.”

Therefore, there is no need to look in any auditor’s Report to justify the grounds upon which the Minister of Health acted when he removed the members of the West Ham Board of Guardians from office. I know that is the view of the hon. Member for Plaistow, because I saw an account of a gathering held at the Public Hall, Canning Town, on Saturday night to commemorate the hon. Member’s 21st year as a member of Parliament. I will quote a few sentences from the “Daily Herald” in which the Member for Plaistow said:

“Criticisms of his political conduct had come from the Communists, and it was the outside pressure of the Communists which had spoiled the previous good work of the West Ham Guardians, with the result that the Commissioners had stepped in.”

Mr. THORNE: I said that, and I do not withdraw it.

Sir K. WOOD: How anyone can say that the Minister of Health was not right

in removing men from position of trust and responsibility who, upon their own confession had abused the position in which they had been put by the rate-payers, or how anyone can say that that was not a proper and necessary course for anyone to take passes my comprehension. There is also this to be said, in considering the position of West Ham at the present moment, and whether any alteration should be made in the present position, and whether we should go back to the old state of affairs—

Mr. GROVES: Before the hon. Gentleman passes from the point with which he is now dealing, I would like to ask him whether the charge of the Minister of Health that there was a reign of unabashed corruption is just confined to the statement referred to by the Vice-Chairman of the old board, or whether he himself, on behalf of the Minister of Health, is going to give us some instances of corruption and not rely on the quotations given from the speech of a local gentleman?

Sir K. WOOD: I do not propose to do that. It would not serve any purpose, when the Vice-Chairman of the Board himself, and a Labour representative, gets up and says that the unemployed have been canvassed in such a way that it has become a scandal, and that something must be done to stop it, and says also that the guardians have been using relief for political and personal ends. When a person makes a statement like that—a person who is in a responsible position, and a man who is speaking with some authority—and such a statement comes not from a Tory or Liberal representative but from a Labour man, a Vice-Chairman of the Board and probably the most competent Member on that side—when such a man gets up and says that the board of guardians are using relief funds for political and personal ends, I do not think anyone need make much further inquiry into the matter.

Mr. W. THORNE: Is that the only case you can give us?

Mr. DUNNICO: Is not the real point, not the reason why the old guardians were removed, but whether there is any starvation under the existing guardians, because they are not doing their duty?

Sir K. WOOD: If the hon. Member would allow me to leave this matter—

Miss LWRENCE: We do not want the Parliamentary Secretary to leave this matter, but we want him to give us one solitary case of corruption.

Sir K. WOOD: If the hon. Lady would forgive me, I would point out again that when a person gets up and says, "My friends are using relief funds for their political and personal ends," there is not much need to inquire further.

Mr. GROVES: Does the Parliamentary Secretary now allege that Mr. Killick, the Vice-Chairman, when he made that statement, was referring to himself and pleaded guilty to such conduct?

Sir K. WOOD: No, Sir; I commend Mr. Killick's straightforwardness and honesty. I think his statement can be relied upon. I do not think he was using that statement in reference to himself, but that he was pleading guilty on behalf of his friends, and I do not think there is much more to be said about it. I want to make this further point. There is no reason, so far as I can make out, for the statement that the attitude of the old guardians, if I may call them so, towards the administration was changed at all. I remember, and I think my hon. Friend the Member for Plaistow also remembers, the time when my right hon. Friend the Minister and myself had an interview with the old board of guardians, and endeavoured, very patiently indeed, to get them to mend their ways. On one occasion we suggested to them that it would be reasonable that they should give consideration to a further lowering of the scale, and more particularly having regard to the administration of other districts which were in just as difficult a position. They said, "Well, we cannot give a reply now. We will come back and give you a reply in a few days' time." I asked them why it was necessary to delay, and they said, "We must go back and consult the unemployed." It is a fact, as my hon. Friend opposite knows, that they actually summoned an open-air meeting of the unemployed to consult them as to whether a scale of relief should be refused or not.

Mr. W. THORNE: I wish the Parliamentary Secretary would tell the truth. It is very aggravating to hear statements like that made when the hon. Member knows it is untrue.

Sir K. WOOD: Then that does show some little disregard for the office they held and for which they were responsible. I notice that they have been intervening on occasions in the district in a manner which is certainly not encouraging good administration there. The Mover of the Resolution complained of the effort which the new board of guardians, the appointed board of guardians in West Ham, were making to obtain repayment of relief which had been given by way of loan. I should have thought that, when one was satisfied that there was some needy person to whom a loan had been advanced, it was not an improper thing to ask that person to repay a certain sum of money. The newly-appointed board of guardians took the view—a very correct one—that in proper cases it was their duty to obtain repayment of those funds in the best manner they could. This is the sort of thing that happens when this course is being taken. This, again, is a quotation from a paper which is said to represent the views of hon. Members opposite. It is a quotation from Mr. Killick, who seems to have fallen away from the high position he occupied at an earlier stage in the proceedings:

"Mr. Killick said that he was advising all those who received a demand for repayment of relief loans to ignore it completely on the ground that the average worker had no reserve funds, even while he worked, out of which he could repay money to which, after all, he had contributed, as a ratepayer."

Even people in work—it did not make the slightest difference. The vice-chairman of the board, and probably the most influential man in Poor Law matters in this area, shows his interest in the state of affairs in the neighbourhood, and his regard for the difficulties of the situation, and for what undoubtedly were the very onerous duties which confronted the newly-appointed board, and advised those who were listening to him, irrespective of whether they had the means to pay, irrespective of whether they were in work or not, that they should decline to make any attempt to repay loans in those circumstances. When you see that sort of thing it is not encouraging, and it does not encourage the majority of Members in this House to adopt the suggestion made by the hon. Lady the Member for East Ham North (Miss Lawrence) to get rid of the newly-appointed board of

guardians, and, I suppose, by some means or other, to get the old board back in their place again. As a matter of fact, the situation, so far as the newly-appointed board are concerned, and what they brought about in West Ham, is a very remarkable, a very interesting, and a very satisfactory one, and I think the best comment on it has been made by a newspaper which is not a Government newspaper, but which is very critical of the Government at the present time. That newspaper published an article at the end of last year, after there had been some opportunity of seeing the work of the newly-appointed guardians in West Ham. The article was headed "The Transformation," and it said this:

"Opinions may differ as to the propriety of appointing three unelected and unrepresentative finance experts to supersede the popularly elected West Ham Guardians, but everyone will gasp at the transformation that they have produced. No little child ever intervened in the domestic infelicities of its parents in melodrama with greater effect than the Government Board of Guardians amid the bewildering tangle of West Ham finance. The deposed Committee of 56 borrowed at the rate of £700,000 a year. The superimposed Committee of three have no yet asked for a loan. Instead, the burdens of the ratepayers have been lightened to the extent of £28,000, which amounts to 2d. in the £ reduction on the rates for the half-year. Admittedly, their success is due to the fact that they were dealing with a chaotic situation. Extravagance had reigned unchallenged. There was over-staffing"—

I suppose that has some reference to the staffing question that was raised to-night—

"excessive payment of relief, and lack of the most elementary inquiries and most ordinary supervision in its administration. The charges of corruption have been vigorously denied, but not the most vociferous of the guardians' supporters would insist that the administration of the West Ham finances was not decidedly muddle-headed. But the whole proceedings of the committee of three reveal one trenchant fact. If, in the event of certain most disastrous political permutations and commutations, the electorate is ever faced with a choice between Socialism and autocracy, it will have no difficulty in making up its mind which is the more economical and efficient."

That was in the "Star" newspaper of the 28th December, 1926, and undoubtedly it sums up in very striking phrases the really wonderful transformation which has taken place in West Ham during the last few months.

Mr. W. THORNE: What did they know about the administration?

Sir K. WOOD: I can tell the Committee this, that there has certainly been a remarkable reduction in pauperism. I have the figures here for the week, for instance, ending on the 27th March, 1926, when the total number of persons in receipt of outdoor relief was 65,813, and the total amount of outdoor relief given was £27,423. On the 26th March, 1927, the total number of persons in receipt of outdoor relief had actually decreased to 41,054, and the total amount of outdoor relief which had to be expended was reduced to £11,950. I learned to-night, as other Members of the House who have been present have learned, of certain statements, particularly the statement made by the hon. Gentleman who moved the reduction of this Vote, of a certain number of cases which he has produced, so far as I am concerned, for the first time. One case, he told the Committee, he discovered in the procession, I think on Saturday or Sunday—

Mr. GROVES: Do not you know when the procession took place?

Sir K. WOOD: No, I do not; I think it must have been on Sunday.

Mr. THORNE: That shows your ignorance of general affairs.

Sir K. WOOD: At any rate, I understand that in the course of this procession the hon. Gentleman came across someone or other who produced a letter to him making some complaint against the West Ham Board of Guardians, and the hon. Gentleman has produced that letter to-night, with five or six others. It is, of course, obviously impossible for me, as the hon. Gentleman knows very well, not having allowed me to see those letters before the Debate, to reply to cases of that kind. All I can say is that, if he will send them to me, I will send them to the guardians for investigation.

Mr. GROVES: They have been to them. I would not bring them to you before they had been to the guardians. I always work upwards.

Sir K. WOOD: I hope that next time, when the hon. Member is working upwards, he will begin a little earlier, so that I have them in time for the Debate that takes place. The hon. Member for Plaistow mentioned one or two cases to-night, one of which, at any rate, was a very good example of the

[Sir K. Wood.]

type of case that is thrown about without investigation so far as the present board of guardians is concerned. I do not want to mention the name to-night. The hon. Member for Plaistow wrote to the newly-appointed West Ham Board of Guardians on the 20th instant calling their attention to the case of a man who lives at Plaistow and the chairman of the board had the case investigated. This is a copy of a letter that has been addressed to the hon. Member.

Mr. THORNE: Am I quoted?

Sir K. WOOD: I am dealing with a case which the hon. Member has sent to the board of guardians.

Mr. THORNE: I have not used it in this House.

Sir K. WOOD: I am giving it as an example of the necessity of careful investigation before these cases are put before the Committee or outside as evidence that the present board of guardians are not dealing with their duties properly.

Mr. THORNE: Is it not rather unfair for the hon. Gentleman to use a case that I have never touched in the House at all? If I have a bad case I do not bring it here. You do not think I am fool enough for that, do you?

Sir K. WOOD: The hon. Member seems unduly apprehensive. I will read the explanation which has been forwarded to him by the chairman of the board of guardians. He says:

"This man, aged 41 years, has been continuously on relief since January, 1922. He has served two terms of imprisonment for deserting his wife and children during this period and one term of three months' hard labour as a rogue and vagabond. Under the previous Board of Guardians, he was specially assisted to the extent of £10 in order to start a business. Within a short time of receiving this money he was again applying for relief. This is also a case in which administrative efforts must be devoted to make the man work. He is at present receiving discretionary relief for short periods."

Mr. THORNE: Does the hon. Gentleman think—I want to be fair to myself as well as to him—that after I had that information I would touch the man again with a 40-foot pole?

Sir K. WOOD: No, I am sure the hon. Member would not. All I am quoting the letter for is to warn hon. Members that before cases are taken up, they should be verified and checked. The hon. Member who moved this reduction made some extraordinary statement that the newly-appointed board of guardians during the last fortnight had been, as far as I could make out, faking their books and writing against certain entries of people who were in receipt of relief some time ago the words "On loan." He told a tale that was certainly worthy of Edgar Wallace, but I had an opportunity to-night of asking the chairman of the board, who is an interested listener to the Debate, whether there was any truth in the statement that anyone had been at the books and, by his direction or authority, written in those words. He has no knowledge whatever of such a thing. It may surprise the hon. Member to know that apparently the only person who has been having anything to do with the books during the last few weeks is the Government auditor, and I suppose the hon. Member will not accuse him of writing in the words "On loan."

Mr. GROVES: The hon. Gentleman has either misquoted me or misunderstood what I said. I did not say in the past fortnight. I said up to the past fortnight. That puts a different complexion on it. I was referring to people who had loans, so-called—that is, money—during the general strike period.

Sir K. WOOD: I understand that there was no such intention as suggested by the hon. Gentleman. At any rate, the Committee may take it from me, whatever the cause, the newly-appointed board of guardians, as far as I and the Chairman are aware, have not touched the books.

Mr. GROVES: I do not want this Committee to think that I made a statement here that I am going to withdraw. I am willing to prove it. I do not want to take up many moments, but please understand that the books to which I am referring are the books that are in the office of the relieving officer. I know nothing about the Public Auditor or the Chairman seeing this. I do not suppose for a moment that the Chairman knows anything about this. They are what are called the Application or Order

Books. It is an important matter. You are not going to get away like that, when people believe they were granted money by the old guardians. I am prepared to produce in any office the hon. Gentleman likes, in the presence of the Chairman, the persons who granted the relief, that is, the old guardians. And they did not grant it on loan. I am prepared to produce the persons who put in the books since the guardians have been deposed or defunct "on loan." That is a fair offer, is it not?

Sir K. WOOD: I shall be very glad to hear from those gentlemen. What good any person could serve through writing those words "on loan," I do not know.

Mr. GROVES: You know very well, you can recover by law when money is granted by guardians on the pretext of a loan. You have to prove that in the County Court.

Sir K. WOOD: The hon. Gentleman is now making a very serious statement. The board of guardians of West Ham have by some means or other, or someone on their behalf, or without their authority, has written the words "on loan" in the books on the assumption that they were going to endeavour to get people to repay money granted on loan which in fact had never been so granted.

Mr. GROVES: The hon. Gentleman referred to the agitation in West Ham. The agitation put up was that any man who got money from the guardians on loan ought honourably to repay it, but any person who got money, I understand, which was not on loan should now be compelled to repay it through these words being put in after the old guardians, as such, had died.

Sir K. WOOD: As far as these guardians are concerned, I happen to know of a number of cases which have been taken to Court. In fact, there have only been 101 cases taken to Court, and in each case the guardians have had to prove their case and in every case the order was made on the defendant with costs. So I venture to suggest to the Committee, that while I shall certainly inquire, as far as it lays in my power, into the statement of the hon. Gentleman, there could be no possible motive for any board of officials taking steps of that kind. As a matter of fact, a

very large number of people in West Ham, notwithstanding the very bad advice given to them which I quoted just now, have paid back the money. The actual amount already paid quite voluntarily by a number of people is a sum of over £5,000. Therefore, there is no need for anyone to fake any books or to put words in the books which were improper or which ought not to appear there. As far as the appointment of the board of guardians is concerned, it certainly must be most satisfactory to the great majority of the ratepayers of the district. Borrowing has entirely stopped, and apart from a loan of £300,000 which the appointed guardians had immediately to request to meet the deficiency which they found in the finances of the union no other loan has been raised in respect of the current expenditure of the union. As far as the rate is concerned, there has been a reduction of 4d. since they came into office.

Mr. THORNE: Tell us about the expenditure.

Sir K. WOOD: The hon. Member put a question to me which I will answer as far as the information I have in my possession goes.

Mr. THORNE: What about the repayment of principal?

Sir K. WOOD: The hon. Member, and the hon. Member for East Ham, North, raised a question about not having to repay principal. The position was fully discussed before the Goschen Committee. It was not a matter for the Minister of Health. The guardians represented to the Goschen Committee that they had succeeded in reducing their expenditure on relief to such an extent that they would be able, without recourse to further borrowing, to meet the current expenditure on relief and administration and on the interest on the outstanding loans, and to make some provision for a working balance, but that they would, in order to avoid further borrowing, require some accommodation in the matter of principal repayments. The Committee fully considered the matter and agreed to postpone, temporarily, two instalments of principal, due at September, 1926, and March, 1927, and to discuss further with the guardians the payments to be made on account of principal after that date.

[Sir K. Wood.]

Repayment of principal will be made in September, 1927, of over £80,000, and the provision for repayment during the remaining half year to March, 1928, will be discussed with the guardians before the Budget of that half year is drawn up.

Mr. THORNE: The hon. Member has not given me the difference between what they should have paid and what they have paid.

Sir K. WOOD: I have given the hon. Member all the information I have. There are few boards of guardians of whom it can be said, as it can be said of the newly appointed board of guardians for West Ham, that the annual reduction in the expenditure of the union has reached a figure of over £800,000. I wish every board of guardians could do equally as well in other parts of the country. This Act, although there has been a good deal of complaint about it this afternoon, has certainly proved of great assistance in Poor Law administration throughout the country generally. I remember saying on the Second Reading of the Bill that, in my judgment, this Act would not have to be put into force in very many cases. I think it has only had to be put into force in two or three cases. This Act has undoubtedly prevented any great abuse of local administration. A little time ago, I saw a report of the proceedings of the Bermondsey Board of Guardians, and a statement made by the chairman to a deputation which had made further demands upon the union, with which they were not prepared to comply. The chairman of the board, who is a Labour member, and the board is a Labour board, in reply to the demand said—this shows that this Act has been of some use in places other than West Ham—that:

“The Board's accounts already show a deficit of over £75,000. An increase of the Bermondsey scale would necessitate an application to the Minister of Health, and he felt sure that instead of sanctioning it the Minister would gladly seize the opportunity of superseding the Bermondsey Board.”

The guardians declined to accede to the demand. I suggest to the Committee that when they come to give a vote to-night on this question, which has been particularly related to West Ham, they will consider that no reduction was ever less justified than the one proposed. If

anybody has earned the commendation and the thanks of this Committee, and of the public of West Ham generally, it is the newly appointed Poor Law Commissioners, and I hope the Committee will agree that my right hon. Friend is acting wisely in extending their term for another period of six months in the hope that still further economies will be achieved, without interfering or working harshly in the case of any single deserving individual.

Miss LAWRENCE: Will the hon. Member kindly answer the two specific cases I gave him, as to which he has said nothing?

Sir K. WOOD: I did not reply to these cases because I have already communicated with the hon. Member in writing and given her a reply. The West Ham Board of Guardians have to pay attention to the present condition of the law, just as any other board of guardians, and they are not permitted, in giving relief, to ignore contributions which come from outside sources unless they are specially exempted by Act of Parliament. There are only two exceptions, one in relation to Friendly Societies, and the other is another case specially provided for by Parliament. Except in these two cases every board of guardians has to have regard to the income derived by the family. The board of guardians are no doubt acting perfectly within the law. They do not make the law, they are fulfilling the law as it is at present.

Miss LAWRENCE: Is it the law to make brother keep brother?

Mr. GREENWOOD: We have not had to-night a reply to the arguments put forward but a rehash of the case put before this House when the Board of Guardians Default Act was introduced. The Parliamentary Secretary is relying on the docile majority behind him instead of on argument. He knows perfectly well that it does not much matter what he says. He has a majority of 200 to support him, and this vote is not a vote against the old board of guardians or for the new board of guardians, it is a vote against the Government; that is what we intend it to be. Early in the Debate the hon. Member for North East Ham (Miss Lawrence) said that she was not going to make any appeal to the Minister; she

did not believe he was ever moved by pity or humanity. That is perfectly true. To the right hon. Gentleman the Minister of Health and the Parliamentary Secretary, as well as the large mass of hon. Members on the other side, to be poor is to be a criminal. On both sides of the House we agree that poverty is a crime. We believe that poverty is a crime, but right hon. and hon. Members opposite seem to think that the individual pauper is a criminal. [HON. MEMBERS: "Rubbish!"] It is perfectly true. The action of the right hon. Gentleman and the Parliamentary Secretary in their legislation and their administration goes to prove that they have a contempt for the poor. [HON. MEMBERS: "Rubbish!"] Hon. Members opposite may smile, but it is perfectly true. They are prepared to see the laws of this land administered against the poor in a way against which they would revolt if they were administered against themselves. The hon. Lady who spoke said she wished she had eloquence to move the Committee. No eloquence can move hon. Members opposite. Provided it can be shown that the rates have been saved and that, artificially, pauperism has been reduced, hon. Members opposite will be quite happy. We are told, in all seriousness, I presume, that West Ham is satisfied with its appointed guardians. Time will prove. The Minister of Health has extended their lease of life to the maximum allowed under the Act—for a further six months. At the end of that time, there will have to be a re-election. I hope the three appointed guardians will then face the ratepayers. I am prepared to prophesy now that, faced with the electors who are to-day said to be satisfied, they would be rejected with enormous majorities against them.

The chief part of the speech of the Parliamentary Secretary has been devoted to recounting ancient history, and to repeated references to Mr. Bert Killick, who apparently has two characters, when he rightly protests against the policy of certain members of the Board, and when he stands for the representatives of the Board. The hon. Gentleman quotes Mr. Killick with sympathy and gives him his support on the one hand, but when he takes a stand against the repayment of relief by men who on full wages are earning less than

£2 per week, he earns the criticism of the hon. Gentleman. But the question before the Committee is not the statement of Mr. Killick. The question before the Committee is the administration by the appointed guardians set in authority over the people of West Ham without their approval by the Minister of Health. We have not had a complete defence of their administration. We have had served up again—we know off by heart now what Mr. Killick said—the old statements that were used by the old board of guardians. That does not matter; they are dead. What we should have liked to have heard more of was a defence of the new board of guardians. One argument the Parliamentary Secretary adduced. It was that pauperism had been reduced. Is that a serious claim? Pauperism, official pauperism, can be reduced just as easily as official unemployment. Pauperism in this country, if all boards of guardians were as flinty-hearted as the Guardians of West Ham, could be reduced very substantially, but the number of the suffering poor would remain the same.

There may have been cases of extravagance—it is admitted—but this reduction of pauperism means that a proportion of people who had been legitimately in receipt of out-relief are to-day being denied it. What the appointed guardians are doing is to put the cost of pauperism on the community as a whole, in debilitation, in impaired health, in disease and death, so that the hon. Gentleman may be able to tell us that there has been a saving of £800,000. It is false economy. It is no saving. If the three guardians are to-day allowing a single child in West Ham to suffer in health because of their administration, their £800,000 saving, so far as I am concerned, does not matter a jot. The pride of the Minister is that they have reduced the rates in West Ham. They have done so by reducing the official figure of pauperism—that is by cutting off the relief given to people who had it before, a large number of whom, I earnestly believe, are still entitled to it. They have done so by not honouring the contractual obligations of the board of guardians to the Goschen Committee. The Parliamentary Secretary draws a distinction between taking a loan and not paying what you owe. I suggest they are both the same thing and that, were the

[Mr. Greenwood.] old board of guardians still in existence, they would presumably have been borrowing some money, but they would have been repaying to some extent capital and interest just as in the last half-year of their operations they repaid £127,297. [HON. MEMBERS: "How much did they borrow?"] I am not saying they did not borrow. [Laughter.] I wish hon. Gentlemen would not be so frivolous on a serious matter. I do not suppose I shall be able to make them understand my argument, but I will try to do so, if they will allow me. Had the old board of guardians continued they would probably have been borrowing money. [HON. MEMBERS: "More money!"] Of course they would be borrowing money in addition to the amount they had already borrowed, but the first act of the new guardians was to borrow £300,000.

The old board of guardians would however have paid back some of the capital and interest due under the agreement with the Goschen Committee. They would have borrowed money just as the new guardians did but in order to achieve this extraordinary result of a reduction of 4d. in the rates, the new guardians went cap in hand to the Goschen Committee instead of paying their just debts and were permitted to postpone those debts. That is accepted as equivalent to a loan, so that the net result of the operations of this precious body of autocrats is that they have borrowed money, that they have not paid what they ought to have paid and that they have reduced pauperism by increasing suffering among the people. A number of cases have been brought before the Committee. All that the Parliamentary Secretary did by way of reply was to treat rather frivolously my hon. Friend's reference to the case of a man he saw yesterday and a case, not brought before the House by the hon. Member for Plaistow (Mr. W. Thorne), but one on which, no doubt, there may have been something to be said, and in regard to which my hon. Friend thought at least there was a *prima facie* case which he was entitled to bring up before the board of guardians. How many times have hon. Members opposite brought *prima facie* cases before the Minister of Pensions and found out that they were not good cases to which they could give support and have presumably let them drop? That

is the kind of case for which my hon. Friend was pilloried by the Parliamentary Secretary. But the Parliamentary Secretary did not reply to a number of cases. What he said was that it was very important that the facts should be verified. There were these cases, two of them cases of the children of ex-service men where the facts were admitted. Here, as my hon. Friend informed the House, is the letter signed by the Parliamentary Secretary himself, which admits that the facts are substantially correct.

Sir K. WOOD: Will the hon. Member read what I said at the conclusion of the letter?

Mr. GREENWOOD: Certainly, the letter says:

"These inquiries show that the facts stated in the note are, at any rate, substantially correct"—

and it goes on at the end of the letter to say:

"This decision is one within the legal discretion of the guardians, and the Minister, even if he desired to do so, has no authority to require the decision to be reconsidered."

Let me give some cases. There are two cases in regard to which the Parliamentary Secretary had no reply. He has told us, with the intention of justifying the new board of guardians, that they have reduced pauperism and saved money and reduced the rates by 4d. in the £. The first case is that of a man married to a war widow, and between them there are six children, four of them step-children of the man, and two of them children of the second marriage. They are paying a rent of 18s. 3½d. per week, and living in two, or at the most three, rooms—or they were. Because of their poverty, they were driven to sub-let a room, for which they get 4s. 6d., and the net rent they have to pay is 8s. 9d. per week. These step-children have a war pension amounting in the aggregate to 23s. 6d. per week. It was the intention of Parliament that that money should be devoted to those children and should not be diverted to any other purpose whatever. Previously the pensions of those children were not taken into account by the board of guardians, and quite rightly. There is nobody in this House who dare get up and say they should have taken it into account. Is there anybody who is prepared to say it?

Sir WILLIAM PERRING: Yes, I will.

Mr. GREENWOOD: Thank you very much. There is one hon. Member in the House who believes that War pensions granted to the children of deceased soldiers should be used for other purposes than the maintenance of the children. I should be glad if other Members would make the same admission. Previously these pensions had not been taken into account, and this man received in Poor Law relief £1 in kind and 5s. in money. That was not extravagant, but that, under the new *régime*, has been reduced to 8s. in kind and 5s. in money. There is another case, equally bad.

Mr. REMER: Read the letter.

Mr. GREENWOOD: Certainly.

"This decision is one within the legal discretion of the guardians, and the Minister, even if he desired to do so, has no authority to require the decision to be reconsidered."

Mr. REMER: I understand that that is an extract. Will the hon. Member read the whole letter?

Mr. GREENWOOD: I will if the hon. Member wishes it, but there is nothing more in it. I have read the last sentence. It is perfectly true that it is within the discretion of the board of guardians to give relief on a scale as low as this, but the right hon. Gentleman has to remember that he introduced the Board of Guardians Default Bill, aimed primarily

at this particular board, on the ground, first, that they were corrupt and, secondly, that they were over-generous, and the Debates in this House from that side and the decision of the majority of the Government supporters in this House were the marching orders to the new boards of guardians, who were in honour bound to make extensive economies, at whatever cost to the poor. I am not surprised that the Act was extended to other two boards of guardians. The Parliamentary Secretary said the Act had not been put into operation in many cases, but that it had had its uses. It had terrified other boards of guardians, who, fearing suppression, had been led to economise, also at the expense of the poor. I am not surprised that that should be the effect of this Act. It was intended to have that effect. It was intended, as I pointed out on Second Reading, as an economy Measure. It has succeeded in terms of finance, but it is going to cost the country an infinite expenditure in terms of misery and in terms of disease. If these are the fruits of the victory gained by hon. Members opposite in this Act, they are fruits to which they are welcome.

Question put, "That a sum not exceeding £12,943,493 be granted to His Majesty for the said Service."

The Committee divided: Ayes, 75; Noes, 235.

Division No. 213.]

AYES.

[11.0 p.m.]

Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Batey, Joseph
Broad, F. A.
Bromley, J.
Brown, Ernest (Leith)
Buxton, Rt. Hon. Noel
Charleton, H. C.
Cluse, W. S.
Connolly, M.
Crawford, H. E.
Dalton, Hugh
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dennison, R.
Dunnico, H.
Gillett, George M.
Gosling, Harry
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Hall, G. H. (Merthyr Tydvil)
Hardie, George D.

Hartshorn, Rt. Hon. Vernon
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Kelly, W. T.
Kennedy, T.
Kenworthy, Lt.-Com. Hon. Joseph M.
Lansbury, George
Lawrence, Susan
Lawson, John James
Lowth, T.
Lunn, William
Mackinder, W.
MacLaren, Andrew
Maclean, Nell (Glasgow, Govan)
March, S.
Mosley, Oswald
Naylor, T. E.
Oliver, George Harold
Pethick-Lawrence, F. W.

Ponsonby, Arthur
Potts, John S.
Riley, Ben
Roberts, Rt. Hon. F. O. (W. Bromwich)
Salter, Dr. Alfred
Scrymgeour, E.
Scurr, John
Shiels, Dr. Drummond
Smith, Ben (Bermondsey, Rotherhithe)
Snell, Harry
Stewart, J. (St. Rollox)
Thorne, W. (West Ham, Plaistow)
Viant, S. P.
Wallhead, Richard C.
Watts-Morgan, Lt.-Col. D. (Rhondda)
Wellock, Wilfred
Wilkinson, Ellen C.
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Young, Robert (Lancaster, Newton)

TELLERS FOR THE AYES.—
Mr. Whiteley and Mr. A. Barnes.

NOES.

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.

Albery, Irving James
Alexander, Sir Wm. (Glasgow, Cent'l)

Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hon. John J. (Kent, Dover)

Balfour, George (Hampstead)
 Baintel, Lord
 Barclay-Harvey, C. M.
 Barnett, Major Sir Richard
 Beamish, Rear-Admiral T. P. H.
 Bellairs, Commander Carlyon W.
 Betterton, Henry B.
 Bird, E. R. (Yorks, W. R., Skipton)
 Bird, Sir R. B. (Wolverhampton, W.)
 Blundell, F. N.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Brass, Captain W.
 Briscoe, Richard George
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H.C. (Berks, Newb'y)
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Cadogan, Major Hon. Edward
 Campbell, E. T.
 Cassels, J. D.
 Cayzer, Maj. Sir Herbt. R. (Prismth. S.)
 Cazalet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Christie, J. A.
 Churchman, Sir Arthur C.
 Clarry, Reginald George
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colfox, Major Wm. Philip
 Conway, Sir W. Martin
 Cooper, A. Duff
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Sir Ernest (Chester, Crewe)
 Crooke, J. Smedley (Deritend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Davidson, J. (Hert'd, Hemel Hempst'd)
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Edmondson, Major A. J.
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 England, Colonel A.
 Erskine, Lord (Somerset, Weston-s-M.)
 Evans, Captain A. (Cardiff, South)
 Fairfax, Captain J. G.
 Fermoy, Lord
 Forrester-Walker, Sir L.
 Forrest, W.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Fremantle, Lieut.-Colonel Francis E.
 Gadie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Gower, Sir Robert
 Grattan-Doyle, Sir N.

Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotrian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R.R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Col. Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major Sir G. R. J.
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Capt. H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hopkins, J. W. W.
 Hopkinson, A. (Lancaster, Mossley)
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Iliffe, Sir Edward M.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Jones, Henry Haydn (Merloneth)
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. O.
 Little, Dr. E. Graham
 Loder, J. de V.
 Long, Major Eric
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Macdonald, Capt. P. D. (I. of W.)
 MacDonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Malone, Major P. B.
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Sir Newton J.
 Morrison, H. (Wilts, Salisbury)
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)

Oakley, T.
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Pennetather, Sir John
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Preston, William
 Price, Major C. W. M.
 Raine, Sir Walter
 Ramsden, E.
 Rees, Sir Beddoe
 Remer, J. R.
 Rice, Sir Frederick
 Robinson, Sir T. (Lancs., Stretford)
 Ropner, Major L.
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fyde)
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Strauss, E. A.
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Templeton, W. P.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A.L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, C. P. (Denbigh, Wrexham)
 Williams, Herbert G. (Reading)
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, E. (Ches'tr, Stalyb'ge & Hyde)
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill- (High Peak)
 Yerburch, Major Robert D. T.

TELLERS FOR THE NOES.—
 Major Sir Harry Barnston and
 Major Cope.

Original Question again proposed.

Mr. SCURR rose—

It being after Eleven of the Clock and objection being taken to further proceeding, the CHAIRMAN left the Chair to make his Report to the House.

Resolution to be Reported To-morrow.

Committee to sit again To-morrow.

The remaining Orders were read, and postponed.

—
ADJOURNMENT.

Resolved, "That this House do now adjourn."—[*Commander Eyres Monsell.*]

Adjourned accordingly at Fourteen Minutes after Eleven o'Clock.

HOUSE OF COMMONS.

Tuesday, 28th June, 1927.

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

[OFFICIAL REPORT.]

PRIVATE BUSINESS.

PRIVATE BILLS [*Lords*] (Standing Orders not previously inquired into complied with).

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bills, originating in the Lords, and referred on the First Reading thereof, the Standing Orders not previously inquired into, which are applicable thereto, have been complied with, namely:

Abersoch Water Bill [*Lords*].

Bedford Corporation Bill [*Lords*].

Coventry Corporation (Boundary Extension) Bill [*Lords*].

Sunderland Corporation Bill [*Lords*].

Hospital of St. Mary the Virgin (Newcastle - upon - Tyne) Bill [*Lords*].

Salford Corporation Bill [*Lords*].

Bills to be read a Second time.

Yorkshire Electric Power Bill [*Lords*],

Read the Third time, and passed, with Amendments.

ORAL ANSWERS TO QUESTIONS.

CHINA (BRITISH FORCES).

10. Mr. THURTLÉ asked the Secretary of State for War if he is aware that Class A reservists at present with the Shanghai Defence Force have been asked if they would have any objections to serve longer overseas than the period of 12 months they are under an obligation to serve; and, if so, will he state why this question has been put to them?

The SECRETARY of STATE for WAR (Sir Laming Worthington-Evans): Inquiries have been made by the local military authorities whether any Section A reservists now in China would volunteer to remain in Army service there, should occasion arise. The object of these inquiries is to ascertain what reliefs will be required to take the place of the Section A reservists. The contract with the reservists will be carried out strictly, and no reservist will be retained in the service beyond the 12 months unless he has volunteered to so remain.

Mr. THURTLÉ: When does the right hon. Gentleman hope to bring these Class A reservists home from Shanghai?

Sir L. WORTHINGTON-EVANS: In time to give them their discharge within 12 months.

11. Lieut.-Colonel Sir FREDERICK HALL asked the Secretary of State for War what is the total number of troops of all ranks now in China; what is the approximate daily cost of maintaining this force; and how many casualties there have been from wounds, sickness, or other causes up to the present time?

Sir L. WORTHINGTON-EVANS: As regards the first part of the question, in addition to the normal establishment of three infantry battalions, there are at present stationed in China and Hong Kong 17 infantry battalions and one marine battalion, with ancillary troops. As regards the second part, I would refer my hon. and gallant Friend to the reply which I gave on 2nd May to the right hon. and gallant Member for Newcastle-under-Lyme. As regards the last part, one soldier has been killed, two officers and nine other ranks have been wounded, and nine other ranks have died as the result of illness or accidents. The average weekly number in hospital during the four weeks ended 17th June was 22 officers and 895 other ranks.

Sir F. HALL: In reference to the reply of 2nd May, in which the right hon. Gentleman indicated that it was impossible to give the approximate cost, does that still hold good? Cannot he give some idea now of the cost of the troops out there?

Sir L. WORTHINGTON-EVANS: I gave a figure of about £250,000 a month,

[Sir L. Worthington-Evans.]
and that is as near as I can give it at the moment. That is in addition to the transport charges.

Lieut.-Commander KENWORTHY: Is not this figure of 900 officers and men in hospital abnormally high?

Sir L. WORTHINGTON-EVANS: No, unfortunately it is not. The medical authorities are quite satisfied with the figure, saying it is quite good.

58. Lieut.-Commander KENWORTHY asked the Secretary of State for Air where the air units and machines and pilots that have been sent to China were drawn from; and whether steps are being taken, or have been taken, to replace them?

The SECRETARY of STATE for AIR (Sir Samuel Hoare): As regards the first part of the question the Fleet Air Arm units were drawn from home waters and from the Mediterranean; No. 2 Squadron, Royal Air Force, from Manston; and additional Army co-operation observers from Farnborough. The answer to the second part of the question is in the negative.

Lieut.-Commander KENWORTHY: In view of the long stay of the expeditionary force in China will not steps be taken to replace these units?

Sir S. HOARE: It depends on the time which they are required to stay there. Obviously, that is a question which must be taken into account.

Lieut.-Commander KENWORTHY: In the meantime, for example, are the Fleet to be deprived of specially trained pilots for Fleet purposes?

Sir S. HOARE: No, Sir.

Lieut. - Commander KENWORTHY: How are you going to replace them?

Mr. THURTLÉ: Is the right hon. Gentleman aware that a reply given by the Secretary of State for War indicates that the Shanghai Force is likely to be kept there for at least 12 months?

SCOTLAND.

HOUSING, CLYDEBANK.

12. Mr. KIRKWOOD asked the Secretary of State for Scotland whether he is

aware that, owing to the prolonged depression in the shipbuilding industry, the town council of the Burgh of Clydebank has experienced great difficulty in raising loans for housing schemes, and of the overcrowding in Clydebank, and the necessity of expediting a building programme; that the local council has applied to the Board of Health to recommend the Public Works Loan Board to facilitate a loan; and what steps, if any, he has taken in the matter?

The SECRETARY of STATE for SCOTLAND (Sir John Gilmour): I am aware that the local authority of the Burgh of Clydebank have experienced difficulty in raising loans for their housing schemes. The Scottish Board of Health have been in communication with the Treasury on the subject and the decision of that Department has now been communicated to the local authority.

Mr. KIRKWOOD: Is the right hon. Gentleman aware that the Town Council of Clydebank, through municipal banks and otherwise, have done their best, and that it is by the policy adopted by the Government in further flooding the market with ships that Clydebank is in such a state at present? I want to know, owing to these special circumstances, if the Secretary of State would not facilitate a loan?

Sir J. GILMOUR: A communication has been made to the burgh, and advice has been tendered to them on the subject. I think it advisable to await the result of this.

Mr. COUPER: Is the right hon. Gentleman not aware that instead of prolonged depression in Clydebank, as suggested in the question, shipbuilding is very much better than it has been for many years past?

YOUNG FARMERS' CLUBS.

13. Major Sir ARCHIBALD SINCLAIR asked the Secretary of State for Scotland whether the inquiries of the Board of Agriculture for Scotland with regard to the Young Farmers' Club movement have been completed; and whether the question of official recognition and supervision of such clubs has yet been decided?

Sir J. GILMOUR: The information obtained by the Board of Agriculture for

Scotland shows that the Young Farmer Club movement is progressing, though slowly. The staffs of the agricultural colleges are assisting wherever possible in the formation and the work of such clubs, and the Board will do what they can to support the movement.

SMALL HOLDINGS.

14. **Sir A. SINCLAIR** asked the Secretary of State for Scotland how soon the 74 holders who are in occupation of small holdings created since the present Government came into power, but who have not yet been registered with the Land Court, will obtain registration; and the average rent of the 43 holders who have been registered since the winter of 1924?

Sir J. GILMOUR: Forty-eight of the 74 holders referred to have been registered by the Scottish Land Court since my reply to the hon. Member's question of 22nd February last. Applications for the registration of the remaining 26 holders are being prepared and are expected to be lodged with the Court next month. The answer to the last part of the question is £7 11s. 6d.

Mr. SKELTON: Are we to take it that that figure is correct, that in the last three years only 74 smallholders have been established?

Sir J. GILMOUR: Oh, no, Sir. Only for this particular season.

Sir A. SINCLAIR: Does not this figure apply to all smallholdings established in the last three years, according to an answer which the right hon. Gentleman gave me a week or two ago?

Sir J. GILMOUR: I am not quite clear on the point. I will look into it.

SAFEGUARDING OF INDUSTRIES.

GAS MANTLES.

1. **Mr. HARRIS** asked the President of the Board of Trade what was the total amount of imports of gas mantles in the first four months of 1925, 1926, and 1927, respectively?

The PRESIDENT of the BOARD of TRADE (Sir Philip Cunliffe-Lister): The imports of gas mantles in the first four months of 1925, 1926, and 1927, respectively, were 67,656 gross, 14,958 gross, and 11,203 gross.

Colonel DAY: Is that higher or lower than the last period of the year?

Sir P. CUNLIFFE-LISTER: I could not say without notice.

7. **Mr. HERBERT WILLIAMS** asked the President of the Board of Trade whether he has any information as to the wholesale and retail prices of gas mantles before and after the imposition of the safeguarding duty?

Sir P. CUNLIFFE-LISTER: I am informed that the average price realised by the members of the trade association on the sale by them of all their mantles during the year ended on 31st March last shows an increase of 1s. a gross on the average price realised by them during the preceding year. These sales are estimated to cover 85 per cent. of all the mantles sold in this country. Against this there have been increases in the cost of certain materials. The retail prices of the classes of mantles most commonly used have, so far as I can ascertain, remained substantially unchanged.

Mr. WILLIAMS: May I take it that the statement recently made in the House that there has been a large increase in the price of mantles to the public is in fact inaccurate?

Sir P. CUNLIFFE-LISTER: I think so. I have collected the information as carefully as I can in my Department and have passed on the information in the answer.

Mr. RILEY: Who meets the extra cost of a shilling in the wholesale price?

Sir P. CUNLIFFE-LISTER: It is a shilling a gross. If the price of an article goes up owing to the cost of the material having gone up, those who buy pay the extra cost.

WOOLLEN TEXTILE AND IRON AND STEEL INDUSTRIES.

9. **Sir FRANK SANDERSON** asked the President of the Board of Trade whether, in view of the continued depression in the woollen textile industry and the iron and steel industry, and the increased importation of these commodities, he will consider modifying the necessary procedure so as to facilitate and simplify the working of the Safeguarding of Industries Act?

Sir P. CUNLIFFE-LISTER: I would refer my hon. Friend to the answer given by the Chancellor of the Exchequer to the hon. Member for the Cleveland Division (Sir Park Goff) on 12th April, a copy of which I am sending him.

TRADE AND COMMERCE.

POWER PRODUCTION.

2. **Mr. GEORGE HALL** asked the President of the Board of Trade the percentage production of power produced in this country from coal, oil, gas, and water-power for the years 1910 to 1914 and 1922 to 1926, respectively?

Sir P. CUNLIFFE-LISTER: I regret that the information desired by the hon. Member is not available.

EXPORT PRICES (DUTIES).

3. **Sir JOHN POWER** asked the President of the Board of Trade whether the prices at which the products of industry which are protected by tariffs are being exported have fallen or risen since the duties were imposed?

Sir P. CUNLIFFE-LISTER: From inquiries which have been made it appears that in the trades protected by Safeguarding Duties there has, generally speaking, been either no change in export prices since the duty was imposed, or a slight reduction in those prices; and that in trades covered by the McKenna Duties a fall in export prices is still continuing.

Mr. A. V. ALEXANDER: Did the prices in the home market remain in the same condition?

Sir P. CUNLIFFE-LISTER: I should like notice of that question, but my recollection is that the answers I have previously given have shown that prices either remained stationary or have fallen.

Lieut.-Commander KENWORTHY: Is there not a general reduction in price in all commodities whether protected or not?

Sir P. CUNLIFFE-LISTER: I thought the hon. and gallant Gentleman's contention was that if you put on a duty of a third you raised the price.

Sir J. POWER: Has not the policy of safeguarding actually helped the export trade?

Sir P. CUNLIFFE-LISTER: In many cases the export trade has increased, as would be expected if you have a larger output.

Mr. HARRIS: The import prices quoted by the Board of Trade are without the duties on, are they not?

Sir F. CUNLIFFE-LISTER: I understood the hon. Member's suggestion was that if you put on a duty it raised prices all round and enabled the home manufacturer to raise prices.

Mr. ERNEST BROWN: Is the right hon. Gentleman not aware of the statement of the Chancellor of the Exchequer that where prices were not raised the duty probably anticipated a fall to the consumer?

CRUDE PETROLEUM (PRODUCTION).

8. **Mr. JOHN** asked the President of the Board of Trade whether he can give figures showing the world production of crude natural oil for the years 1910, 1915, 1920, and 1926?

Sir P. CUNLIFFE-LISTER: The world production of crude petroleum is estimated to have been about 47 million tons in 1910, 62 million tons in 1915, 98 million tons in 1920, and 150 million tons in 1926.

FRANCE (TARIFF BILL).

5. **Major COLFOX** (*for* **Colonel VAUGHAN - MORGAN**) asked the President of the Board of Trade whether he can inform the House as to the present position of the new tariff proposals of the French Government?

Sir P. CUNLIFFE-LISTER: The position remains as stated in the reply I gave to the hon. Member for Lincoln (Mr. Taylor) on 14th June. The Tariff Bill still awaits consideration by the Chamber of Deputies and is not, I understand, likely to be passed into law before the Summer Recess.

COAL MINING INDUSTRY.

OUTPUT.

15. **Sir J. POWER** asked the Secretary for Mines how the output of coal

per man-shift during the March quarter of this year compares with that during the corresponding period last year?

The SECRETARY for MINES (Colonel Lane Fox): From the information at present available [it appears that the output of coal per man-shift worked was nearly 15 per cent. higher during the March quarter of this year than during the corresponding quarter of 1926.

UPTON COLLIERY (ACCIDENT).

17. **Mr. LUNN** asked the Secretary for Mines whether an inquiry has been held into the cause of the fatality at the Upton Colliery sinking pit; if he has received a report from His Majesty's inspector of mines; and whether he has given or will give instructions, to avoid similar fatalities in the future, that detonators shall be tested on the surface and not in the pit sump?

Colonel LANE FOX: Yes, Sir; an inspector has investigated the cause of this accident, and I have received his report. It is already the practice to test detonators on the surface, if they are tested at all. The cause of this accident was rather different. The deceased man had charged a round of 21 shots, tested their electrical continuity, and found it defective. He located the fault in a particular shot, and was testing it singly, contrary to instructions, when it exploded and killed him. Arrangements have now been made by which circuits of charged shots are only tested from a safe distance.

Mr. LUNN: What steps are being taken to deal with those responsible for this accident and the way this man was killed by not following the instructions laid down by his Department but perhaps ignored by other people?

Colonel LANE FOX: As I have said, the man was unfortunately acting contrary to instructions.

UNDERGROUND HAULAGE.

18. **Mr. DAVID GRENFELL** asked the Secretary for Mines the number of collieries where the underground haulage is done entirely by machinery, and the aggregate annual tonnage raised from these mines?

Colonel LANE FOX: This information is not readily available, but I am

arranging to send the hon. Member such particulars as can be extracted from the information in my possession.

NYSTAGMUS.

19. **Mr. D. GRENFELL** asked the Secretary for Mines the figures showing how many men are disabled by nystagmus in mines where men work with oil lamps and with electric lamps, respectively?

Colonel LANE FOX: I would refer the hon. Member to my reply of 15th March last to a similar question by the hon. Member for Doncaster (Mr. Paling).

Colonel DAY: Is it a fact that no alteration in the conditions has taken place since the 15th March?

Colonel LANE FOX: The reply I gave on the 15th March was certainly a sufficient reply.

MEDICAL INSPECTOR.

20. **Mr. LEE** asked the Secretary for Mines what are the reasons that prompted his Department to engage a medical man; whether, in the necessary qualification for the position, regard is being had to the ever-increasing spread of miners' nystagmus, and the varying theories held by medical men as to the causes of this disease and the remedies for it; and what will be the specific duties connected with the appointment?

Colonel LANE FOX: The duties of the medical inspector will be to advise the present inspectorate on the health problems of the mining and quarrying industries, to assist in applying the health Regulations effectively and in improving them, and to ensure that, so far as practicable, the results of medical research are applied to mines and quarries. In making the appointment due weight will be given to the considerations mentioned by the hon. Member.

Mr. LUNN: Has this appointment been made, and is the medical man a specialist in the particular disease mentioned in the question, which is increasing so rapidly and so dangerously in the mining industry?

Colonel LANE FOX: Yes, Sir. With regard to the appointment, perhaps the hon. Member will put down a question.

CANNOCK AND RUGELEY COLLIERIES
(ACCIDENT).

24. **Mr. W. M. ADAMSON** asked the Secretary for Mines whether he has noted the evidence given and the statement of the jury at the inquest on two miners who were killed in a winding-cage accident at the Cannock and Rugeley collieries, Wimblebury, recently; whether he is satisfied that adequate precautions were taken with the working of the new winding engine prior to the accident; and whether he will take steps to have a full inquiry into the matter?

Colonel LANE FOX: I have seen the evidence and the jury's statement, as well as a full report from the inspector who investigated this unfortunate accident. There is no doubt as to its cause; the winding engineman candidly admitted his mistake. Proper precautions were taken in installing the new engine, but I am inclined to agree with the jury's view that this engineman should have had more practice with it before winding men.

Mr. ADAMSON: Will the right hon. and gallant Gentleman answer the last part of the question as to whether a further inquiry will be made with a view to avoiding such accidents where lack of practice is evidently the cause?

Colonel LANE FOX: No, Sir; I think the inquiry by the inspector was sufficient. There was no doubt about the facts. They were admitted.

Colonel DAY: Can the right hon. and gallant Gentleman say how many men were injured besides the two men who were killed?

Colonel LANE FOX: The hon. Member had better put down a question. I cannot say exactly.

Mr. ADAMSON: Was not the inquiry only with regard to the death of the two men and as to how the accident happened, and not as to who might be responsible?

Colonel LANE FOX: No, Sir. I think the whole thing was gone into, and the cause of the accident to the two men who were killed would equally be the cause of the accident to the others.

Mr. ADAMSON: Is not the management responsible for putting on an engine a winder who has not had actual practice?

Colonel LANE FOX: Yes, Sir. I quite agree that it was unfortunate that the man had not had more practice, but he was not forced to do anything. It was at his own option that he took this risk, as he had had a good many preliminary windings of coal only and felt himself fully competent to do the work of winding men.

Mr. KIRKWOOD: I would like to ask the Secretary for Mines if he does not think that here is something which has to do with these accidents. I have four pay leaves which came up on Saturday from Kirkaldy and Dumfriesshire. The first pay leaf is 4d. for a week, a 1d. for a week, 14s. 10d. for a week, after all the deductions are taken off, and 13s. 7d. Is not that the reason why there are accidents in the mines—because the miners are being starved to death?

AGED EMPLOYÉS.

23. **Mr. D. GRENFELL** (for **Mr. C. EDWARDS**) asked the Secretary for Mines if he will give the number of persons engaged in the mining industry for each complete month of this year and the number of men over 60 years of age at present engaged in the industry?

Colonel LANE FOX: The total numbers of wage-earners employed at the end of each month of the present year were as follows: January, 996,100; February, 1,012,700; March, 1,026,200; April, 1,028,700; and May, 1,025,700. With regard to the latter part of the question, the latest information is that obtained from the Decennial Census of Population of 1921, when 5.9 per cent. of the men employed in the coal mining industry were over 60 years of age.

Mr. GRENFELL: Is it not possible to obtain from the collieries the number of men over 60 years of age employed?

Colonel LANE FOX: Yes, Sir, it would be possible, but it would mean communicating with every individual undertaking, and that would involve a tremendous amount of work, and I doubt whether the result would be worth it.

Mr. CECIL WILSON: Is not that information being completed now by the Ministry of Labour?

Colonel LANE FOX: That question should be addressed to the Minister of Labour.

TRANSPORT.

TRAFFIC REGULATIONS (STATIONARY TRAMCARS).

25. **Colonel DAY** asked the Minister of Transport if, in view of the danger to pedestrians alighting from or entering tramcars at stopping places within the County of London, he will consider the introduction of legislation to compel motorists and other moving vehicles to stop when tramcars are stationary, so as to allow persons to enter or leave tramcars freely?

The MINISTER of TRANSPORT (Colonel Ashley): I am not satisfied that such legislation, which has been repeatedly refused by Parliament, is necessary or desirable either in the interests of public safety or of traffic by road. In my opinion the existing law with regard to dangerous driving is adequate to deal with the matter, and as the hon. Member is aware I have put forward proposals in the Draft Road Traffic Bill providing for increased penalties in cases where the circumstances seem to call for them.

Colonel DAY: Does the draft Traffic Bill cover the point in my question, and will provision be made for it?

Colonel ASHLEY: It would enable me to make regulations to deal with the matter.

Mr. B. SMITH: Is the right hon. and gallant Gentleman aware that this system is followed in Canada and in the United States of America much to the disadvantage of the pedestrian and the road user?

Colonel ASHLEY: That is the reason why I gave the answer in the sense that I did give it.

Mr. THURTELL: Is the right hon. and gallant Gentleman aware that if he dealt with this question from the point of view of the pedestrian and not from the point of view of the motorist, he would take an entirely different point of view.

Mr. SPEAKER: That is a matter of argument.

UNCLASSIFIED ROADS (GRANTS):

27. **Mr. H. WILLIAMS** asked the Minister of Transport the amount of the grant from the Road Fund in aid of

rural roads during the year ended 31st March, 1925, and during the year ended 31st March, 1927, together with the estimated amount for the current year?

Colonel ASHLEY: If, as I assume, my hon. Friend has in mind the special assistance given towards the maintenance of unclassified roads in rural areas, the answer to his question is that no allocation for this purpose was made from the Road Fund prior to last year, and that in each of the years 1926-27 and 1927-28 a sum of £1,400,000 has been provided.

TELEPHONE AND TELEGRAPH POLES (ACCIDENTS).

28. **Sir DOUGLAS NEWTON** asked the Minister of Transport how many fatal and other accidents to road travellers have been caused during the past two years by collisions with telephone and telegraph poles erected alongside public highways?

Colonel ASHLEY: No statistics are available which would enable me to give my hon. Friend the information for which he asks.

Sir D. NEWTON: Is my right hon. and gallant Friend aware that a great many accidents have occurred from this cause, and will he be prepared to make representation to the Post Office authorities that they should fix these posts on the inside rather than on the outside of the fences.

Colonel ASHLEY: I know there are a certain number of accidents which do occur. In North Wales I saw several cases where the local authorities, with the concurrence of the owners of the land on each side, and the Post Office, had moved the telephone posts from the pathway between the roadway and the fence and placed them inside the fence, and this minimises the chance of accidents.

Mr. SHEPHERD: Cannot the right hon. and gallant Gentleman extend the system of putting white paint or white strips on telegraph poles which are situated on the side of the road.

Colonel ASHLEY: I will consider that, but I think it is the presence of the posts rather than their visibility.

CANALS.

26. **Captain. GARRO-JONES (for Sir ROBERT THOMAS)** asked the Minister

[Captain Garro-Jones.]
of Transport if he is prepared to devote renewed consideration to the question of canals, and especially to the reconditioning of those now derelict, with a view to cheapening the transport of bulky commodities and providing employment on a large scale?

Colonel ASHLEY: All forms of transport including transport by canal are continually under my consideration, but I do not propose at the present time to institute any further formal inquiry, either into the question of canals generally or into the question of reconditioning derelict canals.

POST OFFICE.

HORSES AND MOTOR VEHICLES.

31. **Major GLYN** asked the Postmaster-General the numbers of horses and motors, respectively, used in the Metropolitan area by the General Post Office or by the contractor to the General Post Office; and how do these figures compare with 1922 and 1913?

The POSTMASTER-GENERAL (Sir William Mitchell-Thomson): The numbers of horses, horsed vans and motor vehicles employed on mail conveyance work in the London Postal area in 1913, 1922 and at the present time are as follows:—

	1913.	1922.	1927.
Horses	1,369	1,151	771
Horsed vans	798	569	403
Motor vehicles	156	74	384

Colonel DAY: Is it not a fact that motor vehicles are very much more efficient, and does he consider that in the future motor vehicles for this service will be increased?

Sir W. MITCHELL-THOMSON: I would not go so far as to say that. It is our experience, that under certain conditions, horses are more economical than motors.

Captain CROOKSHANK: Is it the policy of the Post Office to employ only British motors for the service?

Mr. MARCH: They are nearly all Fords.

Sir W. MITCHELL-THOMSON: Practically all the motors employed are motors which are made in this country.

Mr. SHEPHERD: Can we be assured that they are British horses too?

TELEGRAPH AND TELEPHONE SERVICES (ADMINISTRATION).

32. **Major GLYN** asked the Postmaster-General to what extent the administrative and operating staffs for the maintenance and extension of the telephone system are also concerned with the telegraph system; and how far are the two services, telegraphs and telephones, kept distinct as regards contracts for cable burying and maintenance of air lines?

Sir W. MITCHELL-THOMSON: Speaking generally, there are separate operating and supervising staffs for the two services, the main exceptions being at small post offices where this would be wasteful. A joint staff deals with engineering construction, maintenance and contract matters save where economy and other benefits are to be gained by separation. Higher control and questions of policy are in the hands of a unified administrative personnel organised in a manner to secure such advantages as follow from specialisation.

Major GLYN: Is it the intention of the right hon. Gentleman to let out on contract the setting up of air lines, as is done in regard to underground cables?

Sir W. MITCHELL-THOMSON: I shall require notice of that question..

LONDON RAILWAY. •

33. **Major GLYN** asked the Postmaster-General what are the anticipated annual savings that will result from the conveyance of parcels, etc., by the Post Office (London) railway when in normal operation; which are the railway termini that will be directly connected with the General Post Office; and to what extent will it be possible to do away with the existing method of conveyance of postal matter by horse and motor vehicles?

Sir W. MITCHELL-THOMSON: It is anticipated that there will be an annual reduction of approximately £40,000 in the cost of the conveyance of letter and parcel mails by road when the Post Office (London) railway is fully working. The railway termini, which will be directly connected with the General Post Office, are Paddington Station (Great Western Railway) and Liverpool Street Station

(London and North-Eastern Railway). It may be estimated that the railway will relieve road mail services to the extent of approximately 400,000 miles annually or 27 per cent.

Major COLFOX: Can my right hon. Friend give us the capital cost of this railway?

Sir W. MITCHELL-THOMSON: I could give it in reply to a question.

Sir F. HALL: When does my right hon. Friend think it will be in complete working?

Sir W. MITCHELL-THOMSON: I think in a couple of months' time.

Commander BELLAIRS: Can my right hon. Friend say how long this Post Office (London) railway has been building?

Sir W. MITCHELL-THOMSON: Many years.

AUTOMATIC TELEPHONES.

34. Mr. FENBY asked the Postmaster-General if, in view of the time and trouble saved to business and other people by the installation of automatic telephones, he will give the following particulars: what automatic telephone exchanges are now actually in operation; what exchanges will go over to automatic telephones this year; what exchanges will go over to automatic telephones next year; and how many exchanges in all have now been scheduled for future alteration over to the automatic method?

Sir W. MITCHELL-THOMSON: The total number of automatic telephone exchanges already working is 69, comprising nearly 90,000 subscribers' lines. It is hoped to open 34 additional exchanges by the end of this year, about 40 more during 1928 and upwards of 200 more are already scheduled for conversion to automatic working in succeeding years.

Colonel DAY: Can the right hon. Gentleman give us the difference in the figures as between the provinces and the Metropolitan area?

Sir W. MITCHELL-THOMSON: There are no automatic exchanges working in the provinces.

TRANS-ATLANTIC TELEPHONE SERVICE (CANADA).

35. Colonel MORDEN asked the Postmaster-General why it is that telephone connection has been made between this country and practically all parts of the United States of America, and yet no provision has been made for such connection with the Dominion of Canada?

Sir W. MITCHELL-THOMSON: The question of extending the trans-Atlantic telephone service to Canada is under discussion between the Imperial and Canadian Governments.

WIRELESS TELEPHONY (TRAWLERS).

36. Mr. GROTRIAN asked the Postmaster-General whether, in view of the advantage to the fishing fleet, it is permissible for private individuals to establish a wireless telephone service with the trawlers and other vessels with which they are connected; and whether he will define the general attitude of the Post Office towards initiative of this nature which is not met by any existing State service?

Sir W. MITCHELL-THOMSON: In view of the risk of interference it is not practicable to permit the establishment of private wireless stations for communication with ships at sea. Vessels fitted with wireless telegraph apparatus can send and receive messages through any of the Post Office coast stations; and in order to meet the needs of a number of trawlers which have recently been fitted with wireless telephone apparatus, arrangements are being made to equip the new coast station now in course of construction at Mablethorpe with suitable apparatus for the exchange of messages with those vessels by wireless telephony.

STOLEN LETTERS AND PACKETS.

38. Mr. R. MORRISON asked the Postmaster-General if he is aware of several recent cases in which letters and postal packets have not been delivered, and proof has afterwards been given to his Department that they have been stolen; and will he consider modifying the regulations in order that compensation may be payable in those cases in which proof is forthcoming that unregistered letters and packets have been stolen by Post Office employes?

Sir W. MITCHELL-THOMSON: The answer to the first part of the hon.

[Sir W. Mitchell-Thomson.]
Member's question is in the affirmative. In view of the facilities provided for the registration of postal packets, I am not prepared to modify the existing regulation which precludes the payment of compensation in respect of unregistered letter packets.

Mr. MORRISON: Does the right hon. Gentleman know any other business that would repudiate responsibility for the loss of packets entrusted to their care when it was proved that the packets were lost by the employés of the firm?

Sir W. MITCHELL-THOMSON: As I have said, facilities for registering letters exist, and are well known.

Mr. MORRISON: Surely the right hon. Gentleman will realise that this is an exception and deals with the case of letters entrusted to the Post Office which have been stolen by employés of the Post Office. Surely the Post Office is responsible in that case, whether the letters are registered or not?

AUXILIARY POSTMEN.

39. **Mr. R. MORRISON** asked the Postmaster-General if his attention has been called to the case of an auxiliary postman who was charged at Tottenham Police Court on the 8th instant with stealing postal orders, and to the evidence given by a Post Office official that the man's weekly wages were £1 14s. 3d., less deductions; and will he take steps to enable auxiliary postmen to work sufficient hours to earn a living wage?

Sir W. MITCHELL-THOMSON: I am aware of the alleged facts of the case and the man is now awaiting trial. As regards the question of increasing the attendances of auxiliary postmen, I would refer the hon. Member to the answer on this point which I gave him on the 15th of March.

Mr. MORRISON: Cannot the Postmaster-General make a special effort to do away with this wretched system, which is bringing these auxiliary postmen into Courts every week charged with theft because they are not able to earn a living wage?

Sir W. MITCHELL-THOMSON: I have said more than once that it is

extremely difficult to devise any other system which would give us the results we require.

TELEPHONE DEVELOPMENT.

40. **Lieut.-Commander KENWORTHY** asked the Postmaster-General what will have been the approximate capital expenditure this year on new telephone development; and what was the corresponding capital sum in 1926 and 1925?

Sir W. MITCHELL-THOMSON: The estimated expenditure on the development of the telephone system for the current financial year (1927-28) is about £12,000,000. The figures for 1926-27 and 1925-26 were £10,611,000 and £11,902,000, respectively. The expenditure in 1926-27 would have been greater but for the coal stoppage.

TELEPHONE SERVICE (ADVERTISING AND CANVASSING).

42. **Sir HARRY BRITTAIN** asked the Postmaster-General what proportion of the Post Office revenue from telephones is devoted to advertising the service; and where such expenditure is shown?

Sir W. MITCHELL-THOMSON: A considerable amount of advertisement is carried out by means of posters, leaflets, booklets, etc., but no definite proportion of telephone revenue is allocated to this form of publicity. New business is sought mainly by personal canvassing because it is regarded as the most suitable and most remunerative method. The expenses of the canvassing staff are borne on the Post Office Vote and those of printing upon the Vote for the Stationery Office.

Sir H. BRITTAIN: Is the right hon. Gentleman considering the advisability of putting this matter into the hands of one of the leading firms who specialise in this important side of business?

Sir W. MITCHELL-THOMSON: I do not apprehend exactly what the hon. Member suggests. If he means printing publicity, the answer is that I am satisfied that we do better by personal canvass. If it is personal canvass, then I prefer it to be under the control of the Post Office.

Sir JOSEPH NALL: Would not the best advertisement of the telephones be

a quicker installation and a more businesslike administration in the contract department?

Sir. W. MITCHELL-THOMSON: I think the average lag in the installation of the telephone is something within a fortnight or three weeks.

Sir J. NALL: Will the right hon. Gentleman look into the case on which I gave him some information, in which six months elapsed before the telephone was installed?

Mr. H. WILLIAMS: Do not the canvassers waste a good deal of time when a simple letter would furnish all the information that is desired?

Mr. RILEY: Do canvassers perform other duties besides that of canvassing?

Sir W. MITCHELL-THOMSON: That is dealt with in another question.

Mr. MONTAGUE: Does not the right hon. Gentleman think that the employment of an efficient publicity man would be as good for the advertisement of telephones as the employment of a publicity man is for advertising the Empire Marketing Board.

Mr. SPEAKER: These matters can be argued on the Estimates.

43. **Sir H. BRITTAIN** asked the Postmaster-General what is the average cost to the Department of each new subscriber obtained by the employment of a canvassing staff?

Sir W. MITCHELL-THOMSON: The canvassing staff forms part only of a larger staff employed upon a number of duties, in addition to actual canvassing, including work in connection with removals, cessations, transfers and collection of material for estimating future growth. I regret that it is impracticable to separate the expenditure so as to furnish the information required.

Sir H. BRITTAIN: Does not the right hon. Gentleman recollect that only last week he gave me the number of canvassers, which is amazingly small for the whole country? He now states that they have other duties to perform. I should like to ask whether they are paid by results.

Sir W. MITCHELL-THOMSON: The hon. Member has not heard the answer properly. The canvassers are only part of a larger staff, which deals with various duties. It is extremely difficult to separate the actual payments made to these canvassers from the other payments.

Sir H. BRITTAIN: I really did hear the answer, and I should like to know whether this comparatively small staff is paid by results?

Sir W. MITCHELL-THOMSON: If the hon. Member will put down a question on that precise point, I will give him an answer.

29. **Captain GARRO-JONES** (*for Sir R. THOMAS*) asked the Postmaster-General whether he is aware that many of the facilities that are available to telephone subscribers are almost unknown to the public because they are not advertised; and whether he will have a simply-worded booklet prepared drawing attention to these facilities?

Sir W. MITCHELL-THOMSON: The Post Office has issued a large number of leaflets and booklets drawing special attention to the facilities available, and these have been widely distributed. Full particulars are, of course, also given in the Telephone Directory and in the Post Office Guide. The question of issuing further publicity literature is constantly under review.

Colonel DAY: Will the right hon. Gentleman consider the question of putting these leaflets and booklets in the post offices so that the public can pick them up, as they do leaflets in banks?

Sir W. MITCHELL-THOMSON: I fancy that in some respects that is done already, but I will consider the matter.

EX-SERVICE MEN (HEIGHT REGULATIONS).

37. **Sir A. SINCLAIR** asked the Postmaster-General whether he can see his way to waive the Regulation that permanent postmen must be at least five feet four inches in height in the case of men who served in the Navy, Army, or Air Force, during the War?

Sir W. MITCHELL-THOMSON: The answer is in the negative.

The minimum height limit for the appointment of candidates as postmen is

[Sir W. Mitchell-Thomson.] fixed at five feet four inches, on account of the nature of the work which they are liable to perform. Sorting normally forms part of a postman's duties, and a man below the minimum height would experience difficulty in reaching the upper parts of the sorting frames. The number of ex-service candidates who satisfy the requirements of the Regulations is greatly in excess of the number of places available, and a candidate below the minimum height could only be accepted at the expense of a candidate who complies with the Regulations.

Sir A. SINCLAIR: What justification can there be for regarding able-bodied ex-service men as physically unfit to perform the duties of postmen? If it is a matter of height and of reaching the sorting frame could not a box be provided on which the man could stand?

Lieut. - Colonel ACLAND - TROYTE: Does the right hon. Gentleman consider that a man who is fit to carry a pack in France is unable to carry a package of letters here?

Sir W. MITCHELL-THOMSON: It is not a question of physical fitness, it is a question of the actual physical height. The particular man whose case was brought to my attention was ineligible on other grounds, not having a sufficient length of service.

Mr. E. BROWN: Does the right hon. Gentleman not consider that this Regulation does a great injustice to one of the best battalions which served during the War, the Bantams Battalion?

Major COLFOX: Can the right hon. Gentleman give us any idea of whether many of these men are disqualified?

Sir W. MITCHELL-THOMSON: There are a considerable number of applicants, but we have a very large number of applicants who are of suitable height, and it would be an injustice to them, and I am not prepared to abandon the Regulation.

Mr. HURD: Are those applicants also ex-service men?

Sir W. MITCHELL-THOMSON: Yes, all ex-service men.

Mr. R. MORRISON: Can the right hon. Gentleman say whether he is of the maximum height?

Mr. MACPHERSON: Is the right hon. Gentleman not aware that the same objections which he is advancing now against the employment of men of that height were advanced by the War Office at the beginning of the War and is he further aware that no battalion covered itself with greater distinction than the Bantams Battalion?

Mr. DUFF COOPER: Is it not a fact that under this Regulation Bonaparte would have been ineligible to be a postman?

DELIVERIES, LLANBADARN-FYNYDD,
MODRYDD AND GLYNN.

41. **Captain ARTHUR EVANS** (for **Captain D'ARCY HALL**) asked the Postmaster-General whether his attention has been called to the fact that at certain houses in the Llanbadarn-Fynydd, Modrydd, and Glynn districts there is only a delivery of letters on three days a week; if he will state for each district what would be the additional annual cost of providing a daily delivery for all the inhabitants; and if he will cause the position to be reviewed at once with a view to the institution of a daily delivery?

Sir W. MITCHELL-THOMSON: I have received representations on the matter. The additional cost of giving a daily delivery would be about £20 a year in the Llanbadarn Fynydd district and about £35 a year in the Modrydd and Glynn districts. The number of letters for the places concerned is quite insufficient to justify this increased expenditure.

Captain EVANS: Could the right hon. Gentleman give me the number of letters?

Sir W. MITCHELL-THOMSON: About 85 letters a week.

NAVAL AND MILITARY PENSIONS AND GRANTS.

PENSIONERS (LEITH).

44. **Mr. E. BROWN** asked the Minister of Pensions the number of ex-service men in receipt of pensions in the port of Leith; and what is the average weekly sum paid to them?

The PARLIAMENTARY SECRETARY to the MINISTRY of PENSIONS (Lieut.-Colonel Stanley): I regret that the records of the Department are not kept in a form which would enable this information to be given for particular towns.

COMMUTATION.

52. **Mr. SHEPHERD** asked the Financial Secretary to the Treasury, seeing that one of the strict conditions governing the grant of commutation is that the pensioner must be certified to possess a normal expectation of life, why a pensioner aged 35 receives less than 14 years' purchase of the amount commuted while the normal expectation of life at that age is over 31 years?

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): I think the hon. Member is overlooking the question of date of payment. If a pensioner commutes, he receives cash down now; if he does not commute but lives to a normal age, he may receive a larger sum but only in instalments spread over a very long period. It would obviously be impossible to pay a pensioner £100 present value now in respect of a claim he may have to receive £100 in 10, 20 or 30 years' time.

54. **Mr. SHEPHERD** asked the Minister of Pensions if he has received representations from the Darlington, Auckland and District Area War Pensions Committee and other area committees protesting against the manner in which a man is informed that he cannot commute part of his pension because he cannot be certified to possess a normal expectation of life; whether he is aware that in certain cases the receipt of the notice has had a detrimental effect upon the pensioner; and if it is proposed to amend the formal answer sent to applicants in cases where commutation is refused owing to the state of health of the pensioner?

Lieut.-Colonel STANLEY: My right hon. Friend has received representations from the committee referred to, and has fully explained to them the reasons governing the Ministry's practice. Resolutions supporting the representations of the Darlington Committee have since been received from two other committees. My right hon. Friend has most carefully considered this question, but while greatly regretting any distress which may be

caused by an official communication of this nature, he does not consider it possible to refuse to explain to a pensioner the reasons laid down by the published statutory Regulations for rejecting an application for commutation which the pensioner is entitled to make, and after careful and sympathetic consideration, he has come to the conclusion that it is less likely to cause distress if the reason is given at the outset than if it is disclosed only under pressure.

Mr. SHEPHERD: Does not the right hon. and gallant Gentleman consider that to give the reply of the Ministry to the local committee and allow them to pass it on verbally and personally to the pensioner, would be a less brutal method than the one now adopted of sending a form.

Lieut.-Colonel STANLEY: I do not think it would be. In the first place, it would inform all the other people of the particular state of the man's health, and, I am not sure whether we have any right whatever to inform other people of the state of the man's health.

Mr. SHEPHERD: May I press this matter. Will the right hon. and gallant Gentleman consider the possibility of someone on the War Pensions Committee who is a friend of the pensioner giving the information to the man first. There are many cases where a man has been seriously affected by receiving a blunt, formal notification.

Lieut.-Colonel STANLEY: This matter was raised by the Darlington War Pensions Committee and consideration was given to the question of whether there was any better way of dealing with it. After very sympathetic consideration, it was decided that this way was better than being forced to give information to the man which might have a worse effect upon him.

NEED PENSIONS.

53. **Mr. W. BAKER** asked the Minister of Pensions whether with regard to contributions in the case of surviving sons who are unable owing to poverty to contribute toward the support of parents who are in receipt of need pensions, he is aware that his Department regularly refuses to regard unemployment as a reason for waiving such contributions; and whether, having regard to the many

[Mr. W. Baker.]

hard cases in which a potential contributor is unemployed and is without financial means or any immediate prospect of securing work, he will cause the official decision in such cases to be reviewed?

Lieut.-Colonel STANLEY: I do not think that I can add anything to the answer on this point which my right hon. Friend gave to the hon. Member on the 16th instant, of which I am sending him a copy.

Mr. BAKER: May I ask if the Ministry of Pensions will give very careful consideration to this request, on the ground that it is unsatisfactory that people should be held liable to contribute to the family income when they are unemployed and have no chance of getting work.

Lieut.-Colonel STANLEY: That, of course, has been taken into consideration, but the hon. Member seems to forget that the sum given in respect of a deceased son is a fixed sum and remains constant, and the deceased son might not have been able to contribute.

BANK OF ENGLAND (GOLD EXPORTS).

46. **Mr. GILLET** asked the Chancellor of the Exchequer whether, in view of the recent purchase of gold from the Bank of England by the French Government, any representations have been made to that Government pointing out the prejudicial effect on the trade of this country and the increased cost to the Government in the issue of Treasury Bills as the result of this action; and, if so, what answer has been received?

Mr. R. McNEILL: I would refer the hon. Member to the statement which my right hon. Friend made on this matter in the course of the Debate yesterday.

NEWFOUNDLAND (CORNERBROOK TIMBER SALE).

47. **Viscount SANDON** asked the Chancellor of the Exchequer whether he has received a communication from the Government of Newfoundland on the subject of the possible sale of the Cornerbrook timber and pulp concern to a big combine operating in the United States; and, if

so, whether he will, in stating the attitude of the home Government as joint guarantors under the Trade Facilities Act, give full weight to the undesirability of allowing so large a proportion of the colony's assets to pass into non-British hands?

Mr. McNEILL: I understand that my right hon. Friend the Secretary of State for Dominion Affairs has received a communication from the Newfoundland Government on the subject of the negotiations now proceeding as to the possible sale of the property in question. It is not possible to make any statement at present with reference to these negotiations, but my Noble Friend may rest assured that all relevant considerations will be borne in mind.

Mr. CONNOLLY: May I ask whether the Government have been called upon to meet any of the loss under the Trade Guarantee, and, alternatively, if the sale is not completed, will they be called upon to do so?

Mr. McNEILL: I cannot say that at present. Negotiations are proceeding, and it will be premature to make any statement.

INCOME TAX AND SUPER-TAX.

48. **Mr. H. WILLIAMS** asked the Chancellor of the Exchequer if he can furnish an estimate of the reduction in Income Tax payable under Schedule B as a result of the rate of the reduction in Income Tax and the modification in the earned income allowance under the Finance Act of 1925?

Mr. McNEILL: I regret that under the present system of graduation and differentiation of the Income Tax the total yield of the tax cannot be divided between the respective schedules. The information asked for by my hon. Friend is therefore not available.

49. **Sir FRANK NELSON** asked the Chancellor of the Exchequer the cost per head of the Income Tax and Super-tax paying population of the estimated Budget expenditure for 1927-28?

Mr. McNEILL: The number of individuals who pay and bear Income Tax may be taken as about 2,300,000, and the number of Super-tax payers included in this total as 97,000. If the Budget ex-

penditure of £833,390,000 were entirely defrayed by those taxpayers it would be equivalent to £362 per head of Income Tax payers or £8,590 per head of Super-tax payers. But in fact the yield of Income and Super-tax is estimated at £309,000,000, not at £833,000,000.

50. **Major BRAITHWAITE** asked the Chancellor of the Exchequer the number of farmers assessed for Income Tax; the percentage who actually pay Income Tax; and how many farmers who had previously paid Income Tax did not do so during the last taxable period?

Mr. McNEILL: I regret that I am unable to give the information required. My hon. and gallant Friend will find the latest particulars of Income Tax, Schedule B, Assessments on Farmers, in the table on page 86 of the 69th Report of the Commissioners of Inland Revenue (Command Paper 2783).

CUSTOMS AND EXCISE DEPARTMENT.

51. **Lieut.-Commander KENWORTHY** asked the Financial Secretary to the Treasury the number of Customs officers and other persons employed in His Majesty's Customs service at the present date or nearest convenient date, and the corresponding number for the same or a near date in 1924?

Mr. McNEILL: The total staff employed in the Customs and Excise Department was 11,273 on 1st April, 1924, and 11,795 on 1st April, 1927.

AGRICULTURE.

CREDITS.

55. **Major BRAITHWAITE** asked the Minister of Agriculture when he will be in a position to put before the House the proposals for long- and short-term credits for farmers?

The MINISTER of AGRICULTURE (Mr. Guinness): I would refer my hon. and gallant Friend to the answer given on the 16th of May in reply to a similar question from my hon. and gallant Friend the Member for the Maldon Division of Essex (Lieut.-Colonel Ruggles-Brise), a copy of which I am sending to him.

Major BRAITHWAITE: Is the right hon. Gentleman aware that owing to the

serious newspaper controversy which is going on at present the banks have shortened credits to farmers, thus causing serious embarrassment to the industry in general?

Mr. GUINNESS: I have had that trouble brought to my notice.

Mr. AUSTIN HOPKINSON: Have the Government any scheme for putting an end to this poisonous campaign?

Major COLFOX: Has any progress been made since 16th May?

Mr. GUINNESS: The matter is being pursued, and, as soon as we think a statement can usefully be made, I shall make it.

Mr. JOHNSTON: Will precautions be taken by the Minister to see that whatever short- or long-term credits are given for the benefit of agriculture, they shall not go in increased rents to the landlords?

Mr. GUINNESS: It is not a question of the State giving any credits. It is a question of the State mobilising credit and bringing the lender and the borrower together.

Mr. RILEY: Are we to understand that, whatever steps are taken, the credits will be available for smallholders as well as large farmers?

Mr. GUINNESS: The hon. Gentleman had better await the details of the scheme.

CORN (YIELD AND PRICES).

56. **Major BRAITHWAITE** asked the Minister of Agriculture the total yield last year of oats, barley, and wheat; the average prices received as compared with prices of imported corn; and the total amount of money received by the farmers for these crops?

Mr. GUINNESS: With my hon. and Gallant Friend's permission I will circulate in the OFFICIAL REPORT a statement giving the desired information.

Following is the statement:

The total production of wheat, barley and oats in England and Wales in 1926, together with average prices of home-grown, the declared value of imported grain, and the estimated amount received by farmers in England and Wales for the quantities of these crops sold off farms were as follows:

	Production in England and Wales in 1926.	Average prices per cwt. of home- grown grain in England and Wales, Sept., 1926, to May, 1927.	Average declared value per cwt. of grain imported into Great Britain and Northern Ireland, Sept., 1926, to May, 1927.	Estimated amount received by farmers in England and Wales for quantities sold off farms (see note).
	Tons.	s. d.	s. d.	£
Wheat	1,304,000	11 9	12 7	11,490,000
Barley	916,000	11 3	9 3	6,690,000
Oats	1,490,00	8 4	7 8	3,100,000

NOTE.—It is estimated that on the average 75 per cent. of the wheat, 65 per cent. of the barley and 25 per cent. of the oats produced in England and Wales are sold off the farms.

ENGLISH BEET SUGAR CORPORATION,
LIMITED (SUBSIDY).

57. **Mr. THURTLÉ** asked the Minister of Agriculture how much subsidy has been paid to the English Beet Sugar Corporation in the last two financial years?

Mr. GUINNESS: The amount of subsidy paid to the English Beet Sugar Corporation, Limited, in respect of the operations of the Cantley factory was: 1925-26, £360,872 13s. 10d.; 1926-27, £505,251 1s. 5d.; and in respect of the Kelham factory, which is the property of Home Grown Sugar, Limited, but worked by the English Beet Sugar Corporation in the joint interest: 1925-26, £103,537 0s. 0d.; 1926-27, £270,127 11s. 4d. Approximately one-third of these sums were recovered by the State in the form of Excise Duty.

Mr. THURTLÉ: Is the right hon. Gentleman aware that this company made in trading profit last year over two-thirds of its issued capital and has paid a 20 per cent. dividend tax free, and has two-thirds of its capital already reserved; and does he think that the state of the Exchequer is such as to enable him to make such lavish payments to capitalism?

Mr. GUINNESS: In view of the difficulties which certain companies had in raising money, I do not think that any lower terms would have attained the object.

INDIA (RESERVE BANK SCHEME).

59. **Mr. GILLETT** asked the Under-Secretary of State for India whether, in view of the fact that the Committee which

has been considering the Reserve Bank Bill has rejected the proposals for a reserve bank with a share capital, it is proposed to establish a State bank without share capital?

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): The Committee which has been sitting in Bombay is to resume its deliberations in Calcutta. I am not yet in a position to make any statement regarding any modifications in the scheme for the Reserve Bank that the Committee may propose.

PARLIAMENTARY FRANCHISE.

60. **Mr. E. BROWN** asked the Secretary of State for the Home Department whether the Government are considering any alteration in the system of electing Members to this House; and, if so, whether a Bill will be introduced during this Session?

The UNDER-SECRETARY of STATE for HOME AFFAIRS (Captain Hacking): I would refer the hon. Member to the reply given by the Prime Minister on the 10th March to a question put by the hon. Member for North Lambeth (Mr. Briant).

Mr. BROWN: Is the hon. and gallant Gentleman aware that in the six bye-elections held this Session, in popular constituencies, no Member has been returned by a majority vote; and does he not think it more important to get majority representation in this House, than to obtain arbitrary powers for a minority number of hereditary Peers in the other House?

RUSSIA.

ARCOS, LIMITED (POLICE SEARCH).

62. Sir F. HALL asked the Secretary of State for Foreign Affairs whether the information obtained as the result of the examination of the papers found at the Arcos offices of the Russian Trading Delegation, showing the extent to which the Soviet diplomatic and trading representatives in this and other countries have used their diplomatic privileges to create trouble, has been communicated to the Governments of the countries concerned?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): Yes, Sir. Such information as was discovered during the search at Soviet House relating to Russian interference in domestic affairs in foreign countries has been communicated to the Governments of the countries concerned.

SOVIET CRIMINAL CODE.

63. Sir F. HALL asked the Secretary of State for Foreign Affairs whether he is aware that the Soviet Code permits the putting to death of people in Russia without trial on the order of the police; if he can state how many British subjects have been dealt with under this Code; and whether he will take steps to warn persons desiring passports to enable them to proceed to Russia of the judicial system that is in vogue there, as now officially described?

Mr. LOCKER-LAMPSON: The Soviet Criminal Code lays down that punishment is to be determined by the judicial bodies in accordance with their socialistic conception of law, but it is notorious that persons are put to death without what would be termed trial in this country. I am not aware of more than one British subject, Mr. Davison, who has suffered the death penalty and, according to the Soviet Government, he had a trial. As regards the last part of the question, the risks are so well ventilated in the Press that I do not think any special warning is required.

Lieut. - Commander KENWORTHY: When was Mr. Davison executed, and what was his alleged offence?

Mr. LOCKER-LAMPSON: The whole matter concerning Mr. Davison was dealt

with in a White Paper, where the hon. and gallant Member will be able to find the information he wants.

GUILDFORD INFIRMARY (DEATHS).

64. Colonel DAY asked the Minister of Health whether his attention has been called to the sudden death of Sarah Ann Edgerton and Elizabeth Fagent at the Guildford Infirmary after they were given medicine supposed to be liquorice powder, and that two other inmates at the same institution were given a dose of this powder and have become seriously ill; and whether, in view of the evidence of the doctor who performed the post-mortem examination, he will have a special inquiry held into all the circumstances?

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): My right hon. Friend has asked to be furnished with a report of the coroner's inquest, which was adjourned until the 27th instant, and will give the matter careful consideration when this report has been received.

Colonel DAY: Will the Minister also take into consideration the second case referred to in which a woman died from the same effects about six weeks previously?

Sir K. WOOD: I will make inquiries.

UNEMPLOYMENT.

TRAINING CENTRES.

66. Mr. E. BROWN asked the Minister of Labour the present position of the training centres at Clayton, Birmingham, Brandon, and Wallsend-on-Tyne, showing the number of men in each centre who have completed the full course, the number of men who left before the end of the course, the number of men in training, and the number of men placed overseas?

The PARLIAMENTARY SECRETARY to the MINISTRY of LABOUR (Mr. Betterton): With the hon. Member's permission, I will circulate in the OFFICIAL REPORT a statement giving the desired information.

Following is the statement:

SCHEME OF TRAINING FOR YOUNG UNEMPLOYED MEN.

Statement showing the position on 22nd June, 1927.

—	Completed full course.	Left before end of full course.	Men in training.	Men placed overseas.
Claydon	571	271	189	368
Birmingham	595	1,048	337	—
Brandon	316	173	195	268
Wallsend-on-Tyne	655	600	313	—
	2,137	2,092*	1,034	636

* Of this number 1,272 left to take employment.

TELEPHONE EQUIPMENT FACTORIES
(DISMISSALS).

67. Sir H. BRITAIN asked the Minister of Labour the figures of dismissals during the past six months from factories engaged in the manufacture of telephone plant and equipment mainly dependent upon Post Office orders?

Mr. BETTERTON: I regret that statistics giving the desired information are not available.

WIDOWS', ORPHANS' AND OLD AGE
CONTRIBUTORY PENSIONS.

Mr. BATEY: I beg to move:

"That leave be given to bring in a Bill to amend paragraph (c) of Sub-section (1) of Section seven of the 'Widows', Orphans' and Old Age Contributory Pensions Act, 1925."

This Measure is introduced to effect a small amendment of the present law, but a very necessary one. When the Act was under consideration in this House it was perhaps impossible, seeing that it was a very large Bill, for hon. Members to realise that this difficulty would arise; it was found out only when the Bill came to be put into force. A hardship is being inflicted upon the wives of men who, as we believe, are entitled to a pension under the Act. When the Bill was going through we really did believe that we had made provision for men who had complied with the conditions to obtain the old age pension when they reached 65 years of age, at least when they were 65 years of age on 1st January, 1928. We also thought that when that man's wife became 65 years of age, she too would be entitled to an old age pension. A man who reaches 70 years of age between now and 1st January, 1928, claims the old

age pension under the Old Age Pension Act. Although that man would have been entitled to the old age pension at 65 in January, 1928, simply because he has reached 70 years of age, he is told that his wife is not entitled to a pension until she reaches 70 years of age. I have here the case of an old man who wrote to me a letter which is an example that puts the matter far clearer than I could put it, and I propose to read it to the House in order that hon. Members may see exactly what we mean by amending this Clause. I will not give the name or the address of the writer, but the letter is as follows:

"I note that on Tuesday you intend to introduce a Bill to correct a defect in the Contributory Pensions Bill. Take the case of myself and wife, for example. I have paid to the State Insurance both parts since 1912, and am still paying. I am 70 in September and shall be qualified to receive it, but my wife is 67 in September, and she was under the impression that she would be entitled to it in January next, being the wife of an insured person. She filled up the pink form, and gave all the particulars, but has now received a letter from the Ministry of Health informing her that she is not entitled to it until she reaches the age of 70. We could have managed with a struggle to have carried on with the £1 a week between us. They have taken the extra contributions from me and now they have let me down."

The name of the writer is attached to the letter, and he calls himself "A worker in the building trade." It is a case like that we want to meet by this Bill. When a man is entitled to a pension at the beginning of next year that should not deprive his wife from the right of receiving her pension when she is 65 years of age. I content myself with asking for leave to introduce this Amending Bill.

Question put, and agreed to.

Bill ordered to be brought in by Mr. Batey, Mr. Clynes, Mr. T. Kennedy, Mr. Frederick Roberts, Mr. Smillie, Mr. Kelly, and Mr. Whiteley.

WIDOWS', ORPHANS', AND OLD AGE CONTRIBUTORY PENSIONS ACT (1925)
AMENDMENT (No. 2) BILL,

"to amend paragraph (c) of Sub-section (1) of Section 7 of the Widows', Orphans', and Old Age Contributory Pensions Act, 1925," presented accordingly, and read the First time; to be read a Second time upon Monday, 11th July, and to be printed. [Bill 157.]

MENTAL DEFICIENCY BILL.

Reported, with Amendments, from Standing Committee A.

Report to lie upon the Table, and to be printed.

Minutes of the Proceedings of the Standing Committee to be printed.

Bill, as amended (*in the Standing Committee*), to be taken into consideration upon Monday next, and to be printed. [Bill 156.]

SELECTION (STANDING COMMITTEES).

STANDING COMMITTEE A.

Mr. WILLIAM NICHOLSON reported from the Committee of Selection; That they had discharged the following Members from Standing Committee A: Captain Brass, Major Colfox, Captain Gunston, and Mr. Herbert Williams; and had appointed in substitution: Captain Bourne, Mr. Duff Cooper, Viscount Elvedon, and Major Steel.

Mr. WILLIAM NICHOLSON further reported from the Committee; That they had added the following Fifteen Members to Standing Committee A (in respect of the Wild Birds' Protection Bill): Mr. Barclay-Harvey, Colonel Douglas Clifton Brown, Lord Colum Crichton-Stuart, Mr. Rhys Davies, Sir William Edge, Major Hills, Mr. Robert Hudson, Sir William Joynson-Hicks, Mr. Maxton, Mr. Hugh Morrison, Sir Clive Morrison-Bell, Dr. Drummond Shiels, Mr. Snell, Sir Fredric Wise, and Sir Hilton Young.

Reports to lie upon the Table.

MESSAGE FROM THE LORDS.

That they have agreed to—

West Bridgford Urban District Council Bill, without Amendment.

Westgate and Birchington Water Bill, with Amendments.

That they have passed a Bill, intituled, "An Act to consolidate the Scarborough Gas Company's special Acts; to extend their limits of supply; to authorise the company to acquire additional lands, to construct additional works, and to raise further capital; and for other purposes." [Scarborough Gas Company (Consolidation) Bill] [*Lords.*]

And also, a Bill, intituled, "An Act to authorise an alteration of the tunnel under the River Mersey authorised by the Mersey Tunnel Act, 1925; and for other purposes." [Mersey Tunnel (Birkenhead Entrance, Etc.) Bill] [*Lords.*]

Scarborough Gas Company (Consolidation) Bill [[*Lords.*]

Mersey Tunnel (Birkenhead Entrance, Etc.) Bill [*Lords.*],

Read the First time; and referred to the Examiners of Petitions for Private Bills.

WRITTEN ANSWERS.

WHITLEY COUNCILS.

Mr. DUCKWORTH asked the Minister of Labour the nature of the replies to the letters he recently issued to industrial councils in the effort to ascertain definitely their views on the need for the legalisation of the decisions of Whitley Councils?

Mr. BETTERTON: The majority of the joint industrial councils have not yet reached a decision on the subject of my right hon. Friend's letter, and I think that it is desirable to postpone any statement on the matter until the views of all the councils have been conveyed to him.

LOCAL EMPLOYMENT COMMITTEES.

Mr. MOSLEY asked the Minister of Labour the reason for the delay, from 10th November, 1926, to 29th January,

1927, in replying to a letter from the clerk to the Smethwick Borough Council informing him of the appointment of Councillor R. A. Baker as his council's representative on the local employment committee?

Mr. BETTERTON: The delay was due to the necessity for making certain inquiries before a final decision could be reached.

Mr. MOSLEY asked the Minister of Labour whether he has laid down a new rule that no person occupying the position of political agent shall be eligible for appointment to a local employment committee; whether he will give the date on which this rule was laid down; what are the reasons for this change of policy; and whether he will state specific instances where this discrimination has been exercised, together with particulars of the political parties to which the persons concerned are attached?

Mr. BETTERTON: It has always been the policy to keep the local employment committees as far as possible free from politics, and, owing to the activities in which a full-time political agent must be engaged, my right hon. Friend decided at the beginning of last year that a person occupying that position was not eligible for appointment as a member of a committee. I do not think I ought to publish the cases in which the point has arisen, but no distinction is drawn between one political party and another.

— AFFORESTATION.

Sir R. THOMAS asked the hon. Member for Monmouth, as representing the Forestry Commissioners, whether he is considering the possibility further to extend the present policy of afforestation with a view to relieving unemployment?

Sir L. FORESTIER-WALKER: No distinction is now made between the Forestry Commission's normal and relief work, the latter being met by adjustment of policy, which included the adoption of an annually expanding planting programme. The Seventh Annual Report of the Forestry Commissioners, recently published, dealing with forest policy, shows that the present position is not satisfactory, and sets out some of the

chief considerations which have to be borne in mind in laying down the future forest policy of Great Britain.

— RUBBER OUTPUT (RESTRICTION).

Mr. DIXEY asked the Secretary of State for the Colonies whether, in view of the fact that the revenue of the Federated Malay States depends almost entirely on the rubber and tin industries, and in view of the fact that the British rubber industry is in a critical condition owing to the vast planting extensions by the Dutch in Java and Sumatra which in a few years' time will produce all the rubber required, he is considering any scheme for the preservation of the British planters?

Mr. AMERY: As regards production in the Dutch East Indies, I would refer to the reply given on the 10th May to the hon. Member for Shoreditch. The existing rubber restriction scheme aims at the preservation of the planters, and I am not considering any other scheme.

— ESTATES IN LIQUIDATION.

Dr. WATTS asked the President of the Board of Trade if his attention has been called to the inconvenience and loss sustained by the creditors of an estate in liquidation by the long delay on the part of the Official Receiver in distributing the assets after their claims have been established and the assets realised; and if he will take steps to have this inconvenience removed?

Sir P. CUNLIFFE-LISTER: The Bankruptcy Act and Rules contain special provisions for the speedy realisation of assets in the smaller cases, which form the large majority of those dealt with by Official Receivers, and I have no reason to suppose that long delays are common. If, however, my hon. Friend has any particular case in mind, I shall be glad to look into it.

— BUILDERS' WOODWORK (IMPORTS).

Mr. W. HIRST asked the President of the Board of Trade the total amount, respectively, of imported doors and made-up joinery from the United States of America, Sweden and Holland during

the years 1913, 1919, 1920, 1921, 1922, 1923 1924, 1925 and 1926?

Sir P. CUNLIFFE-LISTER: The following statement shows the declared value of the total imports into the United Kingdom of builders' workwork (window-frames, doors, etc.), consigned from the United States, Sweden and Netherlands, respectively, in each of the years specified.

Years.	Consigned from		
	United States.	Sweden.	Netherlands.
	£	£	£
1913 ...	39,898	71,435	3,231
1919 ...	14,000	121,970	51,274
1920 ...	26,921	215,277	1,297
1921 ...	162,943	182,193	1,815
1922 ...	48,771	141,464	8,194
1923 ...	123,239	188,895	12,085
1924 ...	234,130	309,176	34,700
1925 ...	558,641	335,601	55,739
1926 ...	880,554	343,834	79,136

The official description in 1913 and 1919 of the imports shown above was "House Frames, Fittings and Joiners' Work."

Prior to 1st April, 1923, imports into the Irish Free State are included in the figures.

COAL MINING INDUSTRY.

PRICES.

Miss WILKINSON asked the Secretary for Mines what is the average price per ton of coal export and at home, respectively, before the subsidy and at the present day?

Colonel LANE FOX: The average declared value per ton f.o.b. of coal exported was 20s. 1d. in July, 1925, and 18s. 4d. in May, 1927. I regret that figures of the average price of coal sold at home are not separately recorded, and those of the average price of all coal during the first quarter of this year are not yet fully available.

CONSUMPTION.

Mr. W. M. WATSON asked the Secretary for Mines whether he can give figures showing the reduction in consumption of coal per head of the population in the chief industrial countries since the year 1908?

Colonel LANE FOX: The hon. Member will find in Table A of Appendix No. 1 of Volume 3 of the Report of the Royal Commission on the Coal Industry (1925) the figures for this country, and in Appendix No. 18 (pages 161-173) such figures as are available for Belgium, France, Germany and the United States of America.

PRODUCTION (FOREIGN COUNTRIES))

Mr. GRUNDY asked the Secretary for Mines whether he can give figures showing, since the year 1908, the increased production of coal in countries which formerly bought, on balance, a large quantity of coal from this country?

Colonel LANE FOX: The following are the particulars asked for:

	Production in 1908.	Production in 1925.
	(Tons of 2,240 lbs.)	
Germany (pre-War territory):		
Coal	143,746,000	169,881,000
Lignite	63,709,000	137,543,000
France (pre-War territory):		
Coal	36,044,000	41,097,000
Lignite	740,000	992,000
Spain	3,823,000	5,830,000
Italy:		
Coal	2,000	186,000
Lignite	472,000	1,090,000
Netherlands ...	894,000	7,003,000
South America:		
Brazil	14,000	264,000*
Chile (chiefly lignite)	925,000	1,420,000

* 1924.

POST OFFICE.

TELEPHONE SYSTEM (DEVELOPMENT).

Colonel DAY asked the Postmaster-General what steps his Department are taking for the purpose of developing the telephone system of Great Britain?

Sir W. MITCHELL-THOMSON: As far as it is possible to reply within the limits of a Parliamentary answer, it may be said that with the purpose of developing the telephone system of this country the Post Office is making continuous efforts to maintain and raise the quality of the service by improved engineering, technique and operating methods, to pro-

vide adequate margins of equipment and other plant in order to meet future growth, and to increase the number of subscribers by personal canvassing and other means.

MAILS, TARBERT.

Mr. MACQUISTEN asked the Postmaster-General whether he will again consider the mail which comes to Ardishaig, proceeding on to Tarbert, Loch Fyne, so that letters for Tarbert may be received in time to be answered by the afternoon post?

Sir W. MITCHELL-THOMSON: I regret that in existing circumstances the desired improvement could only be given at an unjustifiable expense. The question will be borne in mind in case any opportunity should present itself of effecting the change with less expense.

TELEPHONE OPERATOR, TARBERT.

Mr. MACQUISTEN asked the Postmaster-General why the post of telephone operator in the town of Tarbert, Loch Fyne, which was advertised as vacant in February last, was given to a female operator, notwithstanding that it had been stated in the notice that preference would be given to ex-service men, when as a result of such intended preference some possible applicants refrained from applying, and of the 10 ex-service men who did apply only two or three were interviewed and considered?

Sir W. MITCHELL-THOMSON: The post in question is one for a telephone caretaker-operator, who is required to

attend to intermittent telephone calls during the night and on Sundays, the work being performed either by himself or by members of his family. All the applicants for the post were interviewed but a number of them subsequently withdrew their applications, and I am satisfied that the candidate finally selected, who is the father of the girl referred to, was the most suitable of the remaining candidates, although not an ex-service man.

ROADS (EXPENDITURE ON MAINTENANCE).

Sir A. KNOX asked the Minister of Transport the total expenditure on the maintenance of roads during the year 1926, distinguishing between first-class, second-class, and unclassified roads, and between funds provided by the Exchequer and by the rates?

Colonel ASHLEY: Information regarding the actual expenditure of highway authorities on the maintenance of roads during the year 1926 is not available, but I have had a statement prepared on the lines of my hon. and gallant Friend's question giving the estimated expenditure during the year 1926-27 by highway authorities in England and Wales and Scotland upon the maintenance (as distinguished from major improvements), of Class I, Class II and scheduled unclassified roads, and of the grants made to meet such expenditure.

The statement is as follows:

	Estimated Expenditure.				Grants from the Road Fund.			
	Classified Roads.		Sched- uled Un- classified Roads.	Total.	Classified Roads.		Sched- uled Un- classified Roads.	Total.
	Class I.	Class II.			Class I.	Class II.		
	£	£	£	£	£	£	£	£
England and Wales.	14,232,830	5,440,153	4,999,634	23,672,617	7,120,189	1,359,859	1,249,278	9,729,326
Scotland ...	1,757,377	556,128	407,728	2,721,233	878,556	139,027	101,936	1,119,519
Great Britain ...	15,990,207	5,996,281	5,407,362	27,393,850	7,998,745	1,498,886	1,351,214	10,848,845

TEACHERS' PENSIONS.

Mr. S. SAMUEL asked the President of the Board of Education what is the

number of teachers who are receiving pensions under the Teachers' Superannuation Acts of 1898 and 1912, and what is

the average amount of these pensions, excluding annuities; and what is the present number of teacher pensioners under the Acts of 1898 and 1912 who are receiving no increase of pension under the Pensions (Increase) Acts of 1920 and 1924, and what is the average amount of pension received by these teacher pensioners under the Acts of 1898 and 1912?

Lord E. PERCY: On the 31st March, 1927, there were 3,981 teachers receiving superannuation or disablement allowances under the Elementary School Teachers (Superannuation) Acts, 1898 and 1912 and the average amount of these allowances, excluding annuities, was £37 10s. The present number of teacher pensioners receiving no increase of pension under the Pensions (Increase) Acts, 1920-24, is 902, and the average amount of pension received by them under the Acts of 1898 and 1912 is £39 4s.

AGRICULTURE (INQUIRY).

Mr. DIXEY asked the Prime Minister whether, in view of the position of the agricultural industry of this country, he will consider the appointment of a commission of inquiry?

The PRIME MINISTER: I should be very glad to appoint a Committee for the purpose suggested if I thought that any useful result could be anticipated. It has to be remembered, however, that several inquiries have been held during

the past few years, of which I may instance the Agricultural Tribunal, the Linlithgow Committee and the recent Report on the Agricultural Output of England and Wales in 1925. The Reports provide a considerable body of information in regard to agriculture, and I doubt if a further inquiry would materially add to our present knowledge, or lead to suggestions which would place the Government in a better position to consider the problem than they are at present.

ST. STEPHEN'S HALL (PICTURES).

Miss WILKINSON asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, why the picture of the holding down of the Speaker in his chair has been removed from its place; whether it has been relegated to a Committee Room; and whether, in view of the empty spaces still remaining on the walls of St. Stephen's Hall, room can be found for the new pictures without removing this one?

Captain HACKING (*for The FIRST COMMISSIONER of WORKS*): I would refer the hon. Member to a reply which I gave to a question on the 7th March last, when the House was informed of the intention to remove the pictures from St. Stephen's Hall. The whole of the eight panels are now occupied by the new paintings.

ORDERS OF THE DAY.

FINANCE BILL.

Considered in Committee.

[Captain FITZROY in the Chair.]

CLAUSE 1.—(*Duty on Tea.*)

Mr. JAMES HUDSON: I beg to move, in page 2, line 5, to leave out the word "fourpence" and to insert instead thereof the words "one penny."

I propose this Amendment to reduce the duty to 1d., but our real intention is to obtain an entire abolition of the Tea Duty. Nevertheless, I wish to say that this Amendment is not of a perfunctory character. It is quite true that it has been moved many times, and seems to be something in the nature of a hardy annual. With the passage of years the need for the acceptance of this proposal becomes greater and greater. When I first had the honour of moving this Amendment two years ago I expressed the hope that the Chancellor of the Exchequer on this question might come sufficiently near to the example set by the right hon. Gentleman the Member for Colne Valley (Mr. Snowden) who in a previous year had effected a considerable reduction in the Tea Duty, and I was hopeful that the present Chancellor of the Exchequer in his turn might be glad to earn the credit of completing the process which the right hon. Gentleman the Member for Colne Valley initiated. I am sorry the Chancellor of the Exchequer withstood that temptation and continues to impose the Tea Duty, and states at the same time that the ultimate extinction of the Tea Duty is an important aim of his fiscal policy. I am pleased that in this matter the Chancellor of the Exchequer is following the gleam, although that gleam seems very much like a shadow or a will-o'-the-wisp which appears to get further away as we proceed towards it. The Tory Chancellor of the Exchequer is not alone in the difficulty of finding an ideal which it is not easy to practice. That was also the experience of hon. and right hon. Gentlemen below the Gangway who had before them for many years the Newcastle programme, and I believe that programme had some

influence at the time on the mind of the Chancellor of the Exchequer and the part which had reference to the free breakfast table was particularly useful to the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) in the presentation of many of his speeches in the country. Observe what happened when the right hon. Gentleman the Member for Carnarvon Boroughs was faced with the possibility of carrying out his ideals. It was very much like what is happening in the case of the present Chancellor of the Exchequer. On 2nd June, 1913, the right hon. Gentleman the Member for Carnarvon Boroughs, when discussing the effect of this class of taxation such as is imposed on tea said it was actually less than in any other civilised country in Europe, and he said:

"It is a proposal to take £10,000,000 of taxation off a very considerable proportion of the population of this country who have great political power. You must not leave a class which has great political power and control over expenditure without any share of responsibility."

It is the theory that it is necessary to impose by a duty of this sort a sense of responsibility upon a considerable class of the community that is preventing successive Chancellors of the Exchequer from carrying out the ideal at which they profess to aim. Unfortunately, the theory of responsibility preached by the right hon. Gentleman the Member for Carnarvon Boroughs has become, in the mouth of the present Chancellor of the Exchequer, a theory of punishment. The idea, evidently, in the mind of the present Chancellor of the Exchequer, if we are to argue from what he said to us the last time this matter was discussed, is that it is necessary to retain this type of taxation—taxes upon sugar, taxes upon tea—because something happened last year for which, as he says, the community must pay, for which, indeed, somebody must be punished. Indeed, he used the word "punishment" in the phrase that he adopted in the House on that occasion. I think that, if the right hon. Gentleman will refresh his memory from the OFFICIAL REPORT, he will see that I am correctly representing the point of view that he took, that someone had committed acts last year which prevented him from doing what he would lead us to suppose he otherwise would have done. I can only say that, if it were possible to do unto Governments as they deserve to be done

unto, and if there is to be any punishment applied at all in connection with the events that happened last year, the punishment should fall, not upon the taxpayers, but upon those who impose the tax; for I would venture to suggest to the right hon. Gentleman that, if he would consider the case of the tea-drinking miners' wives of this country, and reckon up their deserts and the deserts of a Government who tried to persuade them that by a longer working day somehow or other things would come right, or, at least, would be improved—if he would talk to the working miners' wives to-day, he would find out how very much worse, in spite of all that the Government did, their lot has become; and, if any payment should be made, it should be made by those responsible for those changes.

It has often been said, in the discussions in connection with this matter, that the Tea Duty, like duties placed upon some other commodities, is largely of a voluntary or optional character, that people, if they desire not to pay it, if they find it too burdensome, can avoid the burden by ceasing to consume the commodity upon which the duty is levied. The Chancellor of the Exchequer himself has destroyed, or at any rate considerably weakened, that theory by his own admissions. As he says quite frankly—I quote from the discussions that took place last year on this matter—

“Tea and sugar, and commodities of that kind, are the basic comforts on which the household economy depends.”

He does not describe them, it is true, as absolute necessities, but the statement that he makes represents, I believe, not merely a theory, but an undoubted economic fact to the great mass of the working population of this country. The diet of millions of our people is an utterly monotonous diet. The opportunity of change from one type of food to another is entirely denied them. They and their children must continue day after day eating something that is almost as little varied, especially in these days of depression, as the diet of the Irish labourer, which for years was nothing but the one commodity, potatoes. In thousands, probably millions, of English homes at the present time, there is little variation from a constant diet of bread, with, perhaps, a little fat of some sort to enable it to be consumed. Meat becomes more and more a rare article of diet, parti-

cularly for great bodies of the unemployed and for those whose wages have been so considerably reduced; and to make such a diet palatable at all it is a necessity—not merely a comfort, as the right hon. Gentleman said, but a necessity—that there should be some means of providing a drink for the people that will enable them to get any satisfaction out of such a diet. For that reason, therefore, the consumption of tea by large numbers of the workers of this country may be regarded as almost as much a necessity as the consumption of bread itself.

If I am correct in that estimate of the position, then I suggest that the next argument which I desire to present to the Committee—and it has been presented already by several of my hon. Friends—becomes of very serious import. The fact that the tax upon tea is a flat-rate tax, and not an *ad valorem* duty, means that that tax falls most heavily upon the people who most require this commodity to make their diet palatable. Working people buy tea at a price somewhere between 1s. 6d. and 2s. a pound, the poorer working people, particularly, very rarely paying much above 1s. 8d. a pound for the tea that they buy. A tax of 4d. a pound on tea at that price means a 20 per cent. tax upon those persons. A tax of 4d. a pound upon tea consumed by other classes in the community—people who are able to afford 3s. 6d., 3s. 8d., 4s. 0d., or more per pound—becomes a tax of considerably less than 10 per cent.; so that the continuance of the tax on this particular commodity is specially burdensome upon the class that this Committee ought to be most anxious to relieve of taxation.

There is another interesting factor about this unequal incidence of taxation, which I believe is not very often referred to. The tax upon tea operates with a different incidence in different districts. It is a remarkable fact that in certain areas, where the water supply is pure, with a little admixture of lime or other materials, very much less tea is required to get the infusion than is the case where the water supply is not so pure. I know that some hon. Gentlemen may think that this is rather straining an interesting point, but it has a very practical bearing. I was talking only recently to a working-class woman whose home was

[Mr. J. Hudson.]

removed from the Manchester area to the Stockport area. In Manchester they get their water from Thirlmere, while in Stockport they have a water supply that is drawn from the Derbyshire district, and I believe there is a good deal of lime in the water. This working-class woman told me, in the quaint way that working people have in our district, that, when she was in Manchester, for her family of four, she used to put five teaspoonfuls into the teapot, one for each person and one for the pot; but that now she had gone to Stockport, it had to be still one teaspoonful for each person, but the pot now required three. Therefore, the Stockport working woman, to procure the same result in the infusion of tea, is actually paying, not only more for her tea in the long run, but is paying a bigger tax to the community than the Manchester woman: and, I would add, that argument applies particularly strongly when you come to a place like London, with its chalky water supplies, where the quantity of tea required is even greater than in the area to which I have referred. I pass from the ques-

tion of the difference in the 4.0 p.m. incidence of this tax to another point. The continuance of a tax on this commodity, as, indeed, upon any commodity, as is well known to theoretical economists, gives more and more opportunity to the trust and the large firm to operate the article which is taxed. The artificial difficulties created by taxation of any kind, the difficulty of having to deal with bonded warehouses, the necessity of having to work in a certain area, often means that the small man is driven out by the competitive forces of the time, and it is only the large firm and trust which remain. In fact, we have admitted from these benches, that although my right hon. Friend reduced the tax upon tea considerably in 1924, for a time some part of that reduction could be seized upon by large tea trusts who were able to operate in this particular market, and this possibility remains at a maximum as long as the tax upon tea remains. If you could entirely free this commodity of tea, Free Trade in tea would be much more a reality, as far as the large trust is concerned, than is the case at the present moment. In passing, I may say,

as my hon. Friend the Member for Hillsborough (Mr. A. V. Alexander) pointed out in the House, in spite of the operations of the tea trust in 1924, it was none the less true that in the co-operative societies alone in that year, there was an increase in the consumption of tea of more than 6,000,000 lbs., and what could be accomplished then would be accomplished to an even greater extent if the Chancellor of the Exchequer would agree to the entire abolition of the Tea Tax.

There is a further interesting set of reactions that, I think, ought to be studied by us before a final decision is reached on this question, and if those reactions are to be considered wholly, it is worth while for a moment to-day to consider the general drinking habits of the community. The community to-day is spending upon one set of intoxicants—and I would remind the Chancellor of the Exchequer of this particularly—far more than the community can afford.

Viscountess ASTOR: Hear, hear!

Mr. HUDSON: £300,000,000 and more per annum on the drink bill ought to be a matter of very careful consideration for a Chancellor who pretends that he cannot make reductions of the sort that I am proposing because the community cannot afford it. The community can afford it as long as it can pay for intoxicants a sum of money to the extent I have named.

Viscountess ASTOR: Hear, hear!

Mr. HUDSON: I wish the Noble Lady would let me put my case. I am putting a case which, I think, is of wide application, and if she would hold her peace I think my hon. Friends would quite understand—

Mr. ERNEST BROWN: The hon. Member ought to be grateful for her assistance.

Mr. HUDSON: I am sure the Noble Lady wants to assist, but I can imagine some hon. Members not being quite so open to my argument as they might otherwise be if that support were not so vigorously expressed. Members in this House often argue, when we put the case of too great an expenditure on intoxicants, that the way to deal with that evil is not by legislation but by education. Give the people, they say, through education, through propaganda,

through new facilities, an opportunity to know that there is something better than intoxicants to consume. If that be the only valid argument, it becomes very important that the community should give the substitute for intoxicants a maximum of encouragement, and the community that continues to place taxes upon any commodity that should become a substitute for intoxicants is really doing its best to keep the community wedded to the intoxicants. This dependence upon education for the settlement of our difficulties regarding intoxicating liquors is nothing more than a pretence, especially when the purchase of tea continues to be a difficult matter for a large section of the community.

Let me examine this a little more closely. In this Budget there has been an increase in certain taxes upon wine, and I suppose that the people who are taxed on their wine will be able to transfer their burden, if they desire to do so, by drinking tea instead of wine. They will want a good tea if they have habituated themselves to drinking wine. It is comparatively easy, in the present state of the tea tax, for a wine drinker to transfer his habits to tea drinking as far as taxation is concerned, for the wine drinker, if he gives up wine and takes tea, probably gives for his tea 4s. or 5s. a pound, and only pays 4d. in taxation on that tea, or probably from 5 to 10 per cent. But with regard to the person in the slums who has become habituated to drinking beer, whom you want to educate and encourage into different habits, if, as an alternative, he drinks tea at 1s. 8d. a pound, which is about the best he can buy, you place upon that tea a tax of 20 per cent. So that you are taxing a beer-drinker, if he changes over to tea as a substitute, 20 per cent., whereas you tax the wine drinker who takes tea as a substitute only about 5 per cent.

If there be any sincerity in the argument about the educative value of substitutes, the Chancellor of the Exchequer ought to be very glad indeed to support this Amendment. Unfortunately, I am afraid, that the right hon. Gentleman develops like most Chancellors of the Exchequer develop, if I may speak with respect, a strain of idleness with regard to taxes which have continued for many years, and which may be expected to yield, if they remain, a favourable

revenue for many years to come. I was reading in Bastable's "Public Finance" the other day, the statement which applied to all Chancellors, that taxes of the kind we are now discussing are both productive, and, in times of prosperity, elastic, without any undue pressure having to be used, and Chancellors of the Exchequer, who may sometimes get worried about the results of pressure which it is necessary to use in the raising of taxes, would prefer to stick to those taxes which prove elastic, whatever their ideals might be about the ultimate end. I would remind the right hon. Gentleman the depression we are in is so long continued, that there can little incentive left to any Chancellor for continuing this tax for, at any rate, the reason given by Bastable.

What I am suggesting is happening now is what happened at the end of the Napoleonic Wars. We are in a position of depression so long continued that it has become one of the first problems of statesmanship to relieve those heavily burdened masses of the community upon whom the real prosperity of our country depends. Economic history has taught us to recognise the beneficent action of Wallace and Huskisson who, in 1823, started us on the road to the dropping of taxes on commodities, even although the financial position of the community at that time was a very hard one, and even although Huskisson, had he been as foolish as the present Chancellor of the Exchequer, might just as easily have said he had the excuse of the disorders of that time for keeping on the heavy taxation from which the people in those days were suffering. But Huskisson and Wallace and other statesmen since have realised that if the community was to be put upon its feet, taxes upon commodities must be more and more diminished until they were finally abolished. In the spirit of the days when Huskisson and Wallace lived, I put forward, as the whole party to which I belong puts forward this Amendment, and I hope the Chancellor of the Exchequer, before it is too late, will be able to give some heed to the plea we make.

The CHANCELLOR of the EX-CHEQUER (Mr. Churchill): The hon. Gentleman has made a very eloquent speech, and won the approval not only of

[Mr. Churchill.]

the Committee but also of the Noble Lady. Even thus fortified, I am afraid I cannot respond to the appeal he has made, although I heartily congratulate him upon its form, and also upon the fact that in part, at any rate, he found something new to say upon this subject. We have debated this tax in the present Parliament nine or 10 times—on the Resolution, on the Report of the Resolution, in Committee and on Report, and this is the Third Budget—and I think there is no one who, wherever he sits, would seriously propose to take a course different from that which we find ourselves obliged to adopt. The hon. Member spoke of the monotony of diet of the British wage-earning classes and their hard existence, but, considering all that we have passed through in the Great War, and in the continued and repeated industrial confusion of our country, the remarkable thing is that the consuming power of the people should not have been prejudicially affected. It has not, on the whole, been prejudicially affected. It compares, as everyone knows, very favourably with that of every European nation. In fact, the foreign wage-earning classes would be delighted if at any time they were able to command either the quantity or variety of food and drink which our people, I am thankful to say, in spite of all our difficulties, are still able to obtain.

The tendency on the whole is for a slight upward movement in the consumption of tea. There has been since the War a strong recovery and, since the reduction the right hon. Gentleman opposite made, a complete recovery in the consumption. It is very remarkable that in spite of the industrial troubles of last year, the consumption of tea, sugar, tobacco, and also of bread and meat, was not seriously affected. On the whole there is no doubt or question that the general condition in which the mass of the people of the country live is superior to that of any European nation, and especially to that European or Asiatic Power which always claims a meed of approbation from those who sit opposite. The hon. Member has reminded me of an argument which he says I used at an earlier stage when I said I was keeping the Tea Duty on as a punishment. Whether I used the word punishment or

not—I have not refreshed my mind with the context—it is not the doctrine of punishment that inspires me in the matter. It is the doctrine of consequences. The finances of the year have been completely disorganised and we have had to face an enormous deficit, which with very great difficulty we have endeavoured to circumvent without additions to the burdens of the masses of the people or without imposing still harder direct taxation. We have managed to come through those difficulties but it is obvious that the remission of the Tea Duty is quite beyond my power in the circumstances. The Amendment would, I think, cost something like £2,500,000 or £3,500,000, and a complete repeal of the duties would cost between £5,000,000 and £7,000,000. I cannot contemplate for a moment such as abstraction from my limited resources.

The hon. Member devoted a large portion of his speech to showing how the Tea Tax in its present form fell upon the poorest consumers, and he pointed out how much better it would be if an *ad valorem* instead of a specific tax were imposed. The argument was specious and was developed with some skill, but I really cannot answer the hon. Member better than similar arguments were answered by the late Chancellor of the Exchequer when he occupied a position of greater responsibility and, from some points of view, less freedom. Dealing with this very argument, the right hon. Gentleman said:

“On the face of it, it would appear reasonable that the duty upon tea should bear some proportion to the value of the article, but whatever strength there is in that demand is derived from the idea that the rich man's tea ought to pay a higher rate of duty than the poor man's, and I shall have occasion to show that, however cogent that reason may appear on the surface, as a matter of fact in practice there is little or nothing in it.”

Little or nothing in the excellent speech to which we have listened:

“It is a mistake to suppose that the working people of the country consume wholly cheap tea. As a matter of fact the working people of the country have discovered that cheap tea is not economical.”
—[OFFICIAL REPORT, 30th June, 1924; col. 962, Vol. 175.]

The consumption of tea on the whole is increasing, and the consumption of alcoholic liquors is decreasing at a rate

which causes anxiety to the Exchequer and joy to the Noble Lady. I cannot believe it would be desirable in the interest of temperance for us to place ourselves in the serious difficulty which would result from an immediate abrogation of the duty upon tea. The duty on tea, almost alone among the subjects by which our revenue is raised, is actually lower than it was before the War after eight years of enlightened Liberal and Radical administration; and when we are looking around for subjects for immediate reduction, however desirable a reduction on the duty on tea may be, I am sure it is not one which would have the first claim. I would put it very high in the order of priority of reduction but I am not called upon at present to choose between taxes that can be reduced, because I am only in the position of making my way with great difficulty through a Budget which, in spite of every device I could think of, and which it is my duty to search for, is only now narrowly maintaining its equilibrium.

Mr. E. BROWN: The speech of the hon. Member for Huddersfield (Mr. J. Hudson) was interesting. It shows the different view taken in the House about the Tea Duty according to whether you sit on that side or this. I very well remember when the right hon. Gentleman the Member for Colne Valley (Mr. Snowden) introduced the Tea Duty two years ago, certain Members who are now on those benches were not satisfied with the reduction, and they proceeded to set a precedent for the hon. Member for Huddersfield by moving a still further reduction with the purpose, of course, of obtaining leaflets, which were duly used at the succeeding election against those of us who supported the then Chancellor of the Exchequer in trying to get a stable, Radical Budget. The hon. Member for Huddersfield, in his excellent speech, was a little self-righteous, for when he claimed for the right hon. Gentleman the Member for Colne Valley the sole credit for the reduction of the Tea Duty, he should have remembered that there were about 130 members of the party represented on these benches without whose votes that reduction could not have been got. Also when he referred to the breakfast table duties and the promises of pre-War days, despite

the one Budget of the right hon. Gentleman, for which we were grateful, two years ago the amount collected, taking a comparison between Great Britain and Northern Ireland, from which area the tax is now collected, and the United Kingdom, for which it was then collected, is relatively higher than it was in 1913.

I find on reference to the figures that in 1913 the Exchequer revenue from tea was £6,499,000 while in 1925 it was £5,789,000. The rate of tax may have been lower, but the amount got from the women and children was higher. So I hope when he is developing his argument outside the House, he will not forget to point out that it is not his party alone that was responsible for the reduction two years ago but there were others concerned. I am sure the Committee have heard with pleasure the last sentences of the Chancellor of the Exchequer that, if he gets an opportunity next year, he will make a remission of taxation, and we shall confidently hope that he will adopt the model of the British Navy and put women and children first if any remission of taxation is to be given, such as a remission of the duty on tea, which affects women and children more than any other section of the community.

Viscountess ASTOR: I rise to make a slight protest. I quite understand that the Chancellor of the Exchequer may not be able to accept the Amendment, and the late Chancellor of the Exchequer could not have done so, but it is a very serious point that the right hon. Gentleman should make the assertion that pleased the Noble Lady the Member for Plymouth that drink was going down. Surely as a nation we cannot go on spending £300,000,000 on drink—in fact, it is more than that—and it will not go down as long as we have men in public life who refuse to face facts that are so disquieting to many of us, who are not only looking to the revenue from a money point of view, but from the point of view of the permanent good of the country. It is disheartening, when people see the great efforts the country is making to get back industrial supremacy, to see that we do not get a lead from our leading men to warn us against such appalling extravagance, which belongs, not to one section of the country nor to one section of the House of Commons. I do

[Viscountess Astor.]
not want to make it a party question. It is not a party question but a national question.

Mr. SANDEMAN: Are we not discussing tea?

Viscountess ASTOR: We are discussing drink. It is all very well to try and make a joke, but it is not a joke. We belong to the Conservative party, which is interested in Imperial politics and has an Imperial point of view. Our Dominions have faced this question of drink, and throughout the Dominions they are doing all they can. We are looking forward to the time when we can take the tax completely off tea and the commodities that the people of the country need, but until we face up to the appalling expenditure on drink, I see no chance of reducing the tax, and that is not a question for one side but for all sides of the House. It is pre-eminently a woman's question, because in spite of the hard times we have been through, we must still spend money on tea and sugar. It is a great tribute to the people of the country that when they are hard pressed they will still look after their children, but let the Chancellor remember that women—I know that is a tender subject with him—

Mr. CHURCHILL: I hope not only in their electoral capacity.

Viscountess ASTOR: I would not dare to be so personal as the Chancellor of the Exchequer, because my knowledge is too great to deal in personalities. I would say to the right hon. Gentleman, always remember whenever you come to reduce taxation on commodities, if possible, reduce the tax on commodities which the people must have, and raise the taxation on things which people need not have, and one of those things is intoxicating drink.

Mr. SNOWDEN: Although the subject to which the Noble Lady has devoted her observations is only indirectly associated with the matter raised by the Amendment, I do not regret that this question of the enormous and wasteful expenditure upon drink has been introduced into the Debate. I will not pursue it further than to say that I have been amazed during the last few years, knowing all

the talk we have had about the need for national economy, to find commercial men, especially, so ignorant in regard to what is the greatest and the biggest form of national expenditure, and one of which the Chancellor of the Exchequer ought not to be neglectful. I do not know whether the Chancellor of the Exchequer intended by an observation that he made to convey what appeared to me to be the obvious implication of his remarks, when he urged as a reason why no reduction of the Tea Duty ought to be made at the present time, that an increase in tea drinking might have an injurious effect, from the point of view of revenue, upon the receipts from alcoholic liquor.

Mr. CHURCHILL: I never said anything like that and I never thought anything like that. That was rather fastened upon the remarks I made by the Noble Lady.

Mr. SNOWDEN: I referred to the observation because it was quite clear to me, and I think it must have been to other hon. Members, that that was the only reasonable interpretation that could be put upon the right hon. Gentleman's remarks. I am, therefore, glad, and the right hon. Gentleman ought to be glad, that I have given him the opportunity of repudiating what seemed to me to be the obvious interpretation. I must have listened to between 50 and 60 Debates in this House on the Tea Duty, and upon such a hackneyed subject it is very difficult to say anything new. I should like to join with the Chancellor of the Exchequer in extending to the hon. Member for Huddersfield (Mr. J. Hudson) our hearty congratulations, not merely upon the great ability which he displayed in his speech, but upon the introduction of new matter into this well-worn theme. The Chancellor of the Exchequer, as we expected, has declined to accept the Amendment. The reason he has given is that the financial position of the country is such that he cannot possibly afford the small loss of between £2,000,000 and £3,000,000 of revenue which would be involved in the acceptance of this Amendment. The Noble Lady said that if we had been in office I should not have reduced the Tea Duty still further, or have abolished it. I can assure the Noble Lady that if I had had an opportunity of introducing

a second Budget in this House, there would have been neither Tea Duty nor Sugar Duty nor any duty upon any article of food in the fiscal system of this country. The money was there in the right hon. Gentleman's first Budget. He inherited a surplus which would have provided sufficient money to sweep away all food taxation, and have left a considerable margin, but he did not do that. He preferred other means of disposing of that surplus. He reduced the Income Tax and Super-tax.

Lieut.-Colonel Sir FREDERICK HALL: And he increased the Death Duties to the same amount.

Mr. SNOWDEN: He did no such thing. If the hon. and gallant Member was not quite so impetuous in his observations he would be a little more accurate, and perhaps there would be more common sense in his observations. The Chancellor of the Exchequer did not choose to use the surplus for the reduction of taxation upon the necessities of life, or upon what we describe as the basic comforts of the working classes. One reason why we have a claim upon the Chancellor of the Exchequer for a reduction of taxation on tea or sugar in this Budget is the record of Conservative Governments since the end of the War. The only reduction in indirect taxation which they have made have been the reduction in the Tea Duty in the Budget presented by the right hon. Member for Hillhead (Sir R. Horne), a reduction of 4d. per pound, and a reduction in the Beer Duty. All the other remissions of taxation, during a period of abounding revenue and huge surpluses, have been in favour of the well-to-do and the rich portion of the community. Therefore, we have a claim upon the Chancellor of the Exchequer now. The right hon. Gentleman has not only not reduced any working-class taxation in any of the three Budgets for which he has been responsible, but he has increased the taxation upon the working classes very considerably. There are, I suppose, at least 12 articles in common use amongst the working classes to-day which are bearing very heavy taxation: taxation which was not in existence or operation before the right hon. Gentleman took charge of the finances of this country. There has only been the comparatively slight reduction in indirect

taxation which was made in the Budget of four or five years ago, namely, the reduction of the Tea Duty.

We did not expect that the Chancellor of the Exchequer would accept this Amendment. He tells us that he is not in a position to do so. We know that the finances of the country, after three years of business management, are not in a position to afford reductions in this taxation. I do not expect, so long as the right hon. Gentleman remains in his present office, that we shall have any balance. As I have mentioned already, he had a very large surplus from his predecessor, but the two Budgets for which he has been responsible up to now have shown very large deficits. Therefore, we shall have to wait until we get rid of this Government, and with it get rid of the Chancellor of the Exchequer, before we can expect a fulfilment of this almost century-old demand for a free breakfast table, and the removal of taxes upon the necessities of life. Judging by all the evidence which the country supplies, I do not think we shall have to wait very long for that desirable event.

Mr. MONTAGUE: It is a remarkable thing that in any discussion of this character opportunity is taken by certain hon. Members to bring up the question of teetotalism. I do not want to make a speech in favour of drink; I am an abstemious person. I wonder why fallacious economic arguments are always put forward when such questions come up. I realise, of course, that this subject is somewhat removed from the question of the Tea Duty, but it has been discussed, and I should like to refer to it. We have been told by the right hon. Member for Colne Valley (Mr. Snowden) that one form of national expenditure in these days in regard to which we require economy is of the most wasteful and the most baneful form possible. I am not going to say much about the banefulness of it. Excess of every kind is baneful; but I am comforted by the fact that drunkenness and excess in the consumption of alcoholic liquor is going down very rapidly in this country. That is very satisfactory.

What I want to put to the last speaker is this, that as far as the working-class people are concerned—when it is a question of the reduction of taxation upon

[Mr. Montague.]

food, working-class people are concerned more than any other class of people—the amount expended in recreation of one kind or another is an amount that ought to be able to be afforded by the working-class community, considering the progress that we have been making for many years past in the power of production, in the power of utilising labour and natural resources for the production of wealth. What is it that the workers spend? They spend something like £30 per family, on the average, on intoxicating liquor. It may be a bad thing that they do that, and it might be better that they should spend the money on ginger pop, or something else; but my point is, whether we describe that expenditure as wasteful or not, the workers are entitled to spend £30 a year in recreation, in beverages or anything of the kind, wasteful or not.

The DEPUTY-CHAIRMAN: The hon. Member is now discussing a subject which has no connection with the Amendment, which is, that the Tea Duty be reduced.

Mr. MONTAGUE: I do not intend to occupy the time of the Committee further, but the point has been raised and I regard it as a complete fallacy. Every time this question is raised we are treated to teetotal lectures, and something ought to be said in order to put the economic point of view. The workers are not poor because they drink; they are poor because they are robbed.

Mr. SCRYMGEOUR: I want to deal with the reference made by the right hon. Member for Colne Valley (Mr. Snowden) when he said that it is a most important thing from the point of view of securing a reduction in our taxation that the business men of the country do not face up to this question. During the War the business men of this country took a great stand in regard to the subject which has been introduced into this discussion. They called for the stoppage of the drink traffic, which undoubtedly does provide a very considerable sum of money to the revenue. They called for the complete stoppage of that particular business, which meant a tremendous drop in the revenue of the country at a time when, because of the War, it was most essential to raise money by loans. I ask now: How is it that on such an important

question we do not have the business men of the country entering into the arena, pressing this particular question, and urging for the complete cessation of this wastage? Reference was made to the question of alcoholic consumption by the hon. Member for Islington West (Mr. Montague), but it does not affect the point. From the Labour standpoint, the money spent on alcoholic liquor is a great loss to the poor. This question baffles every political party in this House.

In dealing with the Tea Duty the hon. Member for Huddersfield (Mr. J. Hudson) undoubtedly presented his case splendidly, and I congratulate him. He stressed the point that the great body of working people in this country consume tea as a food, though not to such an extent as formerly, because they do not use tea at dinner as well as at tea-time; but to a very large extent it is true that the working class use tea as a food, and you are therefore making a tremendous demand upon them in the way of taxation. If there be a desire on the part of the Government to meet the needs of the people, it is not sufficient for the Chancellor of the Exchequer to make comparisons between this and other countries.

We are proportionately better off in other respects than any other country, but, if you take that phase of the question which has been introduced into this Debate, you will find that the working people even now are not consuming so much of the particular liquor we are talking about. Why? Because of the prevailing industrial conditions. When industrial conditions are down, down goes your revenue—on this particular kind of beverage. There is all the more reason, therefore, why the Government should wipe out the taxation on such a commodity as tea. My contention goes beyond the proposal of the right hon. Member for Colne Valley to abolish the duty on tea and other taxes on what is called the breakfast table. I contend that every method of indirect taxation should be abolished. It does not matter from the taxation point of view whether it is considered a legitimate commodity or not, but why should people be taxed on the strength of their consumption? Why not put a tax solely, wholly and directly upon what is the particular revenue or income of an individual? By

doing that, we should be getting back to the old-time basis of our taxation, every departure from which is a gross injustice to the body of the people.

Mr. R. MORRISON: I only rise to make an endeavour to bring the Committee back to the question under discussion. I think it is very unfortunate that this discussion should have been side-tracked so largely into something else. My objections to the duty upon tea are these. At the present time, there is no duty on the Statute Book which is more indefensible than this duty upon tea. The Chancellor of the Exchequer pointed out that in all the industrial troubles we had last year, the people's consumption of tea did not decrease. That, he said, was one of the reasons which led him to think that the working-classes of this country had not suffered so much as some people said. Now, paradoxical as it may seem, when hard times come, the consumption of tea is bound to go up for the simple reason, as was seen in the first week of what is called the general strike, that the working-class people have tea and bread instead of their ordinary dinner. That is to say, the working-class households used tea at the mid-day meal as well as in the morning and evening. This duty is a tax upon a necessary of life, because tea is not a luxury.

One of the objections which we have to this duty is that it is not a case where the strongest back bears the biggest burden. The poorer people are, the more does tea enter into their diet. Compare this duty with the Income Tax. Certain abatements are given to a man who pays Income Tax if he has a family. With the Tea Duty it is just the opposite. The larger a man's family, the more duty he pays. Every working-class woman in this country would look upon it as a great boon if this duty were removed. The women of this country are now taking an increasing interest in politics. That is becoming increasingly evident, and there is no question in which they take a keener interest than in the taxation of the necessities of life. Tea has become a necessary of life.

I do not suppose the Government will accept this Amendment, or that the duty will be abolished, but future Governments will find that they cannot shuffle off this thing and say that it is a hardy

annual and that nobody expects anything original to be said about it. To-day, I suppose, the same arguments will be used, and the same division will be taken for party purposes, and nothing will be done. The women of this country—and especially the working women—are, I repeat, taking much more earnest interest in politics and regarding it less as a game. They will not put up with this taxation much longer. Many thousands of women in this country are beginning to realise that since the present Chancellor of the Exchequer took up office, not a penny has come off the taxation of the working-class people. On the contrary, it has been increased. There is not only a duty upon tea, but the Chancellor of the Exchequer has now put a duty on the teapot as well. I hope the time will come when questions such as this will not be treated as this Amendment has been treated this afternoon, and that something will be done instead of having the same arguments and the same division as we are getting to-day.

Mr. J. JONES: I want to subscribe to and support the theory advanced by the hon. Member for Dundee (Mr. Scrymgeour). He said taxation should be based upon the ability to pay. Therefore, I hope he will get the necessary relief from some future Chancellor of the Exchequer, because if there be any class of people in the community who are taxed up to the eyebrows it is those who indulge in alcoholic liquor. It may or may not be good for them to indulge in this liquor.

The DEPUTY-CHAIRMAN: It would unduly prolong the Debate if I allowed a discussion on the taxation of alcoholic liquor.

Mr. JONES: Well, we sometimes mix liquor with tea, so that there is a connection between the two. If one drinks alcoholic liquor, there is no one to defend him. I am speaking as one who drinks a glass of beer. Taxation ought to be based on the ability of a person to pay. The question of how people spend their money is another matter altogether. That is why I object to this discussion of the difference between tea and liquor drinking. The opinion about those of us who drink a glass of beer is that we are very wicked people. We are not. We are just as good and just as clean

[Mr. Jones.]
as those who do not. We never make any money out of drink; we spend money on it. It is a bit too thick to hear people who have made fortunes out of beer lecturing to us about the evils of drink, and the money spent on it. I am in favour of the abolition of all duties on people's food, and I am willing to run the risk of telling my constituents, "Let the Beer Duty continue, but let us have a free breakfast table." We have heard a good deal this afternoon about the general strike. The general strike seems to be like King Charles' head to the people on the other side of the House, for when they want an excuse for their political rascality, they bring it in. I cannot talk about beer any more with-

out infringing the Rules, but it is a subject that could be talked about a lot. The more you get of it, the more you are able to talk. So far as this particular duty is concerned, the Tea Duty, it is the most indefensible tax of all. It strikes at the very poorest of the poor, because the average poor man cannot afford to buy more than one pound of tea per month. Therefore, we are all agreed on these benches that this duty should be removed. Whatever we may say about beer, we are united about tea.

Question put, "That the word 'fourpence' stand part of the Clause."

The Committee divided: Ayes, 221; Noes, 121.

Division No. 214.]

AYES.

[5.0 p.m.]

Adland-Troyte, Lieut.-Colonel	Crookshank, Col. C. de W. (Berwick)	Holt, Capt. H. P.
Agg-Gardner, Rt. Hon. Sir James T.	Crookshank, Cpt. H. (Lindsey, Gainsbro)	Hope, Capt. A. O. J. (Warw'k, Nun.)
Ainsworth, Major Charles	Dalkeith, Earl of	Hope, Sir Harry (Forfar)
Albery, Irving James	Davies, Maj. Geo. F. (Somerset, Yeovil)	Hopkins, J. W. W.
Alexander, E. E. (Leyton)	Davies, Sir Thomas (Gloucester)	Hopkinson, Sir A. (Eng. Universities)
Applin, Colonel R. V. K.	Davies, Dr. Vernon	Hopkinson, A. (Lancaster, Mossley)
Apsley, Lord	Davison, Sir W. H. (Kensington, S.)	Horne, Rt. Hon. Sir Robert S.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.	Dean, Arthur Wellesley	Howard-Bury, Lieut.-Colonel C. K.
Astor, Viscountess	Dixon, Captain Rt. Hon. H.	Hudson, R. S. (Cumberl'nd, Whiteh'n)
Bainiel, Lord	Drewe, C.	Huntingfield, Lord
Barclay-Harvey C. M.	Eden, Captain Anthony	Hurd, Percy A.
Barnston, Major Sir Harry	Edmondson, Major A. J.	Hurst, Gerald B.
Beckett, Sir Gervase (Leeds, N.)	Ellis, R. G.	Inskip, Sir Thomas Walker H.
Bellairs, Commander Carlyon W.	Elveden, Viscount	Jackson, Sir H. (Wandsworth, Cen'l)
Benn, Sir A. S. (Plymouth, Drake)	Erskine, Lord (Somerset, Weston-s.-M.)	Jacob, A. E.
Bennett, A. J.	Evans, Captain A. (Cardiff, South)	James, Lieut.-Colonel Hon. Cuthbert
Berry, Sir George	Everard, W. Lindsay	Jephcott, A. R.
Blundell, F. N.	Falle, Sir Bertram G.	Kidd, J. (Linlithgow)
Boothby, R. J. G.	Fermoy, Lord	King, Commodore Henry Douglas
Bourne, Captain Robert Croft	Flelden, E. B.	Kinloch-Cooke, Sir Clement
Bowyer, Captain G. E. W.	Ford, Sir P. J.	Knox, Sir Alfred
Braithwaite, Major A. N.	Forestier-Walker, Sir L.	Lane Fox, Col. Rt. Hon. George R.
Brass, Captain W.	Foster, Sir Harry S.	Leigh, Sir John (Clapham)
Brassey, Sir Leonard	Foxcroft, Captain C. T.	Lister, Cunliffe, Rt. Hon. Sir Philip
Brittain, Sir Harry	Fraser, Captain Ian	Locker-Lampson, G. (Wood Green)
Brooke, Brigadier-General C. R. I.	Fremantle, Lieut.-Colonel Francis E.	Looker, Herbert William
Brown-Lindsay, Major H.	Ganzoni, Sir John	Long, Major Eric
Brown, Brig.-Gen. H.C. (Berks, Newb'y)	Gates, Percy	Lowe, Sir Francis William
Buchan, John	Gibbs, Col. Rt. Hon. George Abraham	Luce, Major-Gen. Sir Richard Harman
Buckingham, Sir H.	Gilmour, Colonel Rt. Hon. Sir John	Lumley, L. R.
Bullock, Captain M.	Glyn, Major R. G. C.	Lynn, Sir R. J.
Burman, J. B.	Grace, John	Macdonald, Capt. P. D. (I. of W.)
Butler, Sir Geoffrey	Grattan-Doyle, Sir N.	Macdonald, R. (Glasgow, Cathcart)
Cadogan, Major Hon. Edward	Greene, W. P. Crawford	McLean, Major A.
Calne, Gordon Hall	Grenfell, Edward C. (City of London)	Macmillan, Captain H.
Campbell, E. T.	Gretton, Colonel Rt. Hon. John	Macnaghten, Hon. Sir Malcolm
Cayzer, Sir C. (Chester, City)	Grotrian, H. Brent	McNeill, Rt. Hon. Ronald John
Cayzer, Maj. Sir Herbt. R. (Preston, S.)	Gunston, Captain D. W.	Malone, Major P. B.
Cazalet, Captain Victor A.	Hacking, Captain Douglas H.	Manningham-Buller, Sir Mervyn
Cecil, Rt. Hon. Sir Evelyn (Aston)	Hall, Lieut.-Col. Sir F. (Dulwich)	Margesson, Captain D.
Chadwick, Sir Robert Burton	Hammersley, S. S.	Marriott, Sir J. A. R.
Chapman, Sir S.	Harrison, G. J. C.	Meyer, Sir Frank
Christie, J. A.	Hartington, Marquess of	Mitchell, S. (Lanark, Lanark)
Churchill, Rt. Hon. Winston Spencer	Harvey, G. (Lambeth, Kennington)	Mitchell, W. Foot (Saffron Walden)
Churchman, Sir Arthur C.	Harvey, Major S. E. (Devon, Totnes)	Monson, Eyres, Com. Rt. Hon. B. M.
Cobb, Sir Cyril	Haslam, Henry C.	Moore, Lieut.-Colonel T. C. R. (Ayr)
Cochrane, Commander Hon. A. D.	Hawke, John Anthony	Moreing, Captain A. H.
Cockrell, Brig.-General Sir George	Headlam, Lieut.-Colonel C. M.	Murchison, Sir Kenneth
Colfox, Major Wm. Philip	Heneage, Lieut.-Colonel Arthur P.	Nelson, Sir Frank
Conway, Sir W. Martin	Hills, Major John Waller	Newman, Sir R. H. S. D. L. (Exeter)
Cooper, A. Duff	Hilton, Cecil	Nicholson, Col. Rt. Hon. W.G. (Preston)
Cope, Major William	Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.	Oman, Sir Charles William C.
Courthope, Colonel Sir G. L.	Hogg, Rt. Hon. Sir D. (St. Marylebone)	Penny, Frederick George
Craig, Sir Ernest (Chester, Crewe)	Hohler, Sir Gerald Fitzroy	Percy, Lord Eustace (Hastings)

Perkins, Colonel E. K.
 Pownall, Sir Assheton
 Price, Major C. W. M.
 Radford, E. A.
 Ramsden, F.
 Rawson, Sir Cooper
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Robinson, Sir T. (Lancs, Stretford)
 Russell, Alexander West (Tynemouth)
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shepperson, E. W.
 Skelton, A. N.
 Smith, R. W. (Aberd'n & Kinc'dine, C.)

Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Templeton, W. P.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, S.)
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.

Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Wheler, Major Sir Granville C. H.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, Sir S. Hill- (High Peak)
 Worthington-Evans, Rt. Hon. Sir L.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Sir George Hennessey and
 Captain Viscount Curzon.

NOES.

Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Briant, Frank
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buxton, Rt. Hon. Noel
 Charleton, H. C.
 Clowes, S.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Dennison, R.
 Duckworth, John
 Dunnico, H.
 Edwards, J. Hugh (Accrington)
 England, Colonel A.
 Evans, Capt. Ernest (Walsh Univer.)
 Fenby, T. D.
 Forrest, W.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York., W.R., Normanton)
 Hall, G. H. (Merthyr Tydvil)

Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Right Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Lunn, William
 Mackinder, W.
 MacLaren, Andrew
 Macpherson, Rt. Hon. James I.
 March, S.
 Montague, Frederick
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Palin, John Henry
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.
 Riley, Ben
 Ritson, J.

Roberts, Rt. Hon. F.O. (W. Bromwich)
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.
 Scrymgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Sinclair, Major Sir A. (Calthness)
 Smillie, Robert
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees (Keighley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spencer, G. A. (Broxtove)
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Thomas, Rt. Hon. James H. (Derby)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Townend, A. E.
 Viant, S. P.
 Wallhead, Richard C.
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Wiggins, William Martin
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, E.)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr.
 Whiteley.

Motion made, and Question put, "That
 the Clause stand part of the Bill."

The Committee divided: Ayes, 224;
 Noes, 120.

Division No. 215.]

AYES.

[5.8 p.m.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Ainsworth, Major Charles
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Applin, Colonel R. V. K.
 Apsley, Lord
 Ashley, Lt.-Col. Rt. Hon. Willfrid W.
 Astor, Viscountess
 Bainton, Lord

Barclay-Harvey, C. M.
 Barnston, Major Sir Harry
 Beckett, Sir Gervase (Leeds, N.)
 Bennett, A. J.
 Berry, Sir George
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Captain G. E. W.
 Braithwaite, Major A. N.

Brass, Captain W.
 Brassey, Sir Leonard
 Brittain, Sir Harry
 Brooke, Brigadier-General C. R. J.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newbury)
 Buchan, John
 Buckingham, Sir H.
 Bullock, Captain M.
 Burman, J. B.

Burney, Lieut.-Com. Charles D.
 Butler, Sir Geoffrey
 Cadogan, Major Hon. Edward
 Cairns, Gordon Hall
 Campbell, E. T.
 Cayzer, Sir C. (Chester, City)
 Cayzer, Maj. Sir Herbt. R. (Prismth, S.,
 Cazale, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colfox, Major Wm. Philip
 Conway, Sir W. Martin
 Cooper, A. Duff
 Courthope, Colonel Sir G. L.
 Craig, Sir Ernest (Chester, Crewe)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbrö)
 Curzon, Captain Viscount
 Dalkeith, Earl of
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Sir Thomas (Cirencester)
 Davies, Dr. Vernon
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Ellis, R. G.
 Elveden, Viscount
 Erskine, Lord (Somerset, Weston-s-M.)
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Falle, Sir Bertram G.
 Fermoy, Lord
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Foster, Sir Harry S.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Fremantle, Lieut.-Colonel Francis E.
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Grace, John
 Grattan-Doyle, Sir N.
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotrian, H. Brent
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Harrison, G. J. C.
 Hartington, Marquess of

Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Heneage, Lieut.-Col. Arthur P.
 Hennessy, Major J. R. G.
 Hills, Major John Walter
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hohler, Sir Gerald Fitzroy
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Hopkinson, Sir A. (Eng. Universities)
 Hopkinson, A. (Lancaster, Mossley)
 Horne, Rt. Hon. Sir Robert S.
 Howard-Eury, Lieut.-Colonel C. K.
 Hudson, R. S. (Cumberland, Whiteh'n)
 Huntingfield, Lord
 Hurd, Percy A.
 Hurst, Gerald B.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Locker-Lampson, G. (Wood Green)
 Long, Major Eric
 Looker, Herbert William
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 McLean, Major A.
 Macmillan, Captain H.
 Macnaughten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moreing, Captain A. H.
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, Col. Rt. Hon. W. G. (Pitrs'ld.)
 Oman, Sir Charles William C.
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Pownall, Sir Assheton
 Preston, William
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Robinson, Sir T. (Lancs. Stretford)
 Russell, Alexander West (Tynemouth)
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shepperson, E. W.
 Skelton, A. N.
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Templeton, W. P.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Col. J. (Stoke-upon-Trent)
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Wheler, Major Sir Granville C. H.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Deven, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl.
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill. (High Peak)
 Worthington-Evans, Rt. Hon. Sir L.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Cope and Mr. Penny.

NOES.

Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Briant, Frank
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buxton, Rt. Hon. Noel
 Charleton, H. C.
 Clowes, S.

Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Dennison, R.
 Duckworth John
 Dunnico, H.
 Edwards, C. (Monmouth, Bedwelty)
 Edwards, J. Hugh (Accrington)
 England, Colonel A.
 Evans, Capt. Ernest (Welsh Univer.)

Fenby, T. D.
 Forrest, W.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.

Harris, Percy A.
 Hayday, Arthur
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lindley, F. W.
 Lowth, T.
 Lunn, William
 Mackinder, W.
 MacLaren, Andrew
 Macpherson, Rt. Hon. James I.
 March, S.

Montague, Frederick
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Palin, John Henry
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W. R., Elland)
 Rose, Frank H.
 Scrymgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Sinclair, Major Sir A. (Caithness)
 Smillie, Robert
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Penlstone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spencer, G. A. (Broxtove)

Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rbllox)
 Strauss, E. A.
 Thomas, Rt. Hon. James H. (Derby)
 Thorne, W. (West Ham, Plaistow)
 Thurtie, Ernest
 Townsend, A. E.
 Viant, S. P.
 Wallhead, Richard C.
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Wiggins, William Martin
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Whiteley and Mr. Hayes.

CLAUSE 2.—(*Additional medicine duties.*)

Sir ROBERT HAMILTON: I beg to move, in page 2, to leave out from the word "charged," in line 11, to the end of the Clause, and to insert instead thereof the words, "until the first day of August, nineteen hundred and twenty-eight."

We had a short discussion on this duty during the Budget Resolutions, and it was brought to our notice that the duty which is now existing was doubled in 1915, as a purely war measure. It is now proposed that that should be the duty for all time, and that it should not be brought up for annual review, as we think it should be. We have to remember that this is a duty on medicines, and that is a very important fact. You may call them patent medicines, you may call them quack medicines, but they are medicines which the people of this country buy and use in very large quantities indeed, and it is mostly the poor who buy them. It is a duty with a very long history, with which I do not intend to weary the Committee now, but before the War it was a comparatively small duty. It was, as I say, doubled in 1915, and I think the Chancellor of the Exchequer told us that £1,340,000 is the exact estimate of the sum that it is to bring in for the coming year. That is a very considerable sum, and we know that the Chancellor of the Exchequer, who has got into difficulties with his Budget, owing to a variety of causes, would find the loss of £1,340,000

at the present time very considerable, and one which would have to be replaced from some other quarter.

Our Amendment, therefore, proposes that this duty should come up for review again next year and should not be made permanent. Hitherto, it has come up for review from time to time, but when the Financial Secretary to the Treasury was asked, in the course of the Budget Resolutions Debate the other day, why it was now going to be made permanent, he said that it was vexatious that the duty should be carried on from year to year without people knowing whether or not it was going to be made permanent. I should like to ask why we should make this duty, which was doubled for war purposes, permanent. Why should we tuck it away in a corner, not to come up for annual review, when we bear in mind, as we ought to bear in mind, whatever views individuals may have about the use of quack medicines, that millions of our poor countrymen use them, and use them with advantage? I do not suppose there is an hon. Member of this Committee who does not use, or has not used, or will not use, at some time in his life, one of these patent or quack medicines, whether as a lotion, an ointment, or a pill.

The whole world uses them, and, of course, that is a reason that was put forward from the Treasury Bench for taxing them. They bring in a very good revenue, but that was a most extraordinary argument used by the Financial Secretary the other day, when he said that during the last three years the duty

[Sir R. Hamilton.]

had gone up by nearly four times and that, therefore, it was a legitimate source of revenue. What an extraordinary argument, that because a thing that everybody uses, and most people want, will stand a high tax, therefore it is a legitimate source of revenue. That could be an argument for taxing bread or meat. It is perfectly true that these patent medicines have stood this extra duty and have brought in a large sum, but how? By the extra cost to the consumers. We have all had to pay more for our medicines. I want to impress upon the Committee all the time that no civilised country to-day is without these medicines. They may be good or bad medicines; they may cure by faith or by some obscure element in them which is secret, but, for all that, they are medicines which we are taxing, and I think I can confidently ask the Committee to support this Amendment, which will prevent this tax being kept on for all time and ensure that it will be brought up for review later on.

In the discussion the other day, I could not understand whether or not the Financial Secretary meant that the tax should be raised so as to deter the use of these medicines. He spoke of them as being quack medicines, and I think he said it had always been regarded as a tax on quack medicines. Of course, you can deter people from using them by putting the tax so high as to put it beyond the power of the poor to use them, but I do not suppose the right hon. Gentleman intends to do that. What is the principle on which these medicines are taxed? Is it in order to deter people from using them, is it in order to bring in revenue, or is it in some way to help the legitimate kind of doctor? It has always seemed to me rather a curious tax, and, therefore, I confidently commend my Amendment to the consideration of the Committee.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): I am afraid that, notwithstanding what the hon. Member for Orkney and Shetland (Sir R. Hamilton) has said, I must beg leave to repeat the argument which he thinks was absurd. I have always understood that it was more or less an axiom of taxation that, when you find that a tax is not in any way decreasing the consumption, but that, on the contrary,

in spite of the tax, there is a large and increasing consumption, it was usually taken as a proof that there is nothing oppressive in the tax. The hon. Gentleman has used an argument which is always applicable to indirect taxation of any kind. He says that the tax is derived from the consumer, and, of course, it is. This tax really is not one that falls in any true and wide sense upon medicine as understood at the present day, because there is an exemption, as the hon. Member knows. Any medicine which comes under the heading of a regular medicine recommended by a doctor escapes the tax. I quite admit, as I have admitted before, that this is a very old duty, and that it is an anomalous duty in many respects. It comes down from the eighteenth century, and I quite agree that, if we were devising *de novo* an ideal fiscal system, it is very likely that this particular duty would not find a place in it, but, as a matter of fact, it has been, and is, regarded by the public and the traders concerned as entirely unobjectionable, and the only question which is raised in this Amendment is whether the additional duty put on during the War is or is not to be upon a permanent basis.

The hon. Gentleman said that, whether it is good or bad, it ought not to be tucked away and put on a permanent basis, but the original tax is on a permanent basis. The only question which has to be debated each year is whether this additional amount put on during the War is or is not to continue. I repeat that as, to all intents and purposes, it is, and is likely to remain, on a permanent basis, it really becomes an absurdity that half the duty should be placed upon an annual basis and the other half upon a permanent basis. As I have said previously, I think that is vexatious. We cannot, so far as the present year is concerned, do without the revenue, and, in fact, the hon. Gentleman does not propose that we should. All that he proposes is that we should debate the duty again next year. Of course, if the hon. Gentleman or anyone else thinks next year that the time has come for it to disappear, it is quite easy for him to bring it up in the discussion on the Finance Bill next year.

Sir R. HAMILTON indicated dissent.

Mr. McNEILL: The hon. Gentleman shakes his head, but he is wrong. All that he has to do is to put down a new Clause next year, and then it can be discussed in exactly the same way as if it came up annually. The only difference is that unless some hon. Member positively wants to raise the discussion in that way, it will not have to be put down as a matter of course, and a Clause passed in order to perpetuate or to continue for another year one half of a duty the other half of which is permanent. Therefore, I must ask the Committee to reject the Amendment.

Mr. HARRIS: I was rather surprised at the line which the right hon. Gentleman has taken. He admits right away that he would not defend this tax as the kind of tax that he would impose if he were arranging for his ideal Budget. What we want is that this tax should not be hidden away from the public gaze. It is a very dangerous thing if taxes are imposed that the public are not conscious of paying. With a little tax of this kind, people come in and buy medicines, and they are not conscious that they are, at the same time, paying a contribution towards the revenue. That is thoroughly unsound. It is the kind of taxation which stimulates and encourages extravagance. But there is another reason, which is more important, why we should review this tax next year and not make it permanent. This is a War tax, and it is a very remarkable thing that practically all the new taxes imposed during the War as temporary measures to meet an emergency have been retained by the Government. Reference has been made to the McKenna Duties. Having sneaked them through in War time, they have taken advantage of them and kept them permanently on the Statute Book, and here is another irritating tax, imposed in an emergency, to meet a national crisis, to bring in revenue for War purposes, which is now to be kept on permanently by the Government.

The Government have been so extravagant and wasteful and incompetent that they have had to scratch for money wherever they could get it, from any corner, in order to make their Budget balance. The right hon. Gentleman says that next year we can put down a new Clause, but he knows very well that the

Chancellor of the Exchequer would probably tell the House that he had made his arrangements for the financial year, that he had to balance his Budget, and that, if we knocked off half-a-million or whatever the additional duty might be, his Budget would be spoiled and he would not save his balance. That is a very plausible excuse. We want to tell the Chancellor of the Exchequer that next year he must reconsider the whole position. There is a feeling in the House that this is an irritating, a foolish, an out-of-date, and an unwise tax, and, I believe, the Financial Secretary to the Treasury thinks that it is an irritating, a foolish, an out-of-date, and an unwise tax. It is only because the country is so hard-up that we have to raise revenue in this particular way.

When we considered this matter on the Budget Resolutions, the right hon. Gentleman told me that he had a Departmental Committee who solemnly sat and considered these duties, whether they were intelligible and whether their form should be altered. He told us that after they had sat for some considerable time they came to the conclusion they could not exclude the words of the Act of 1812. I looked up the Act. I do think that Members of this Committee have a responsibility to their constituents to look up the Act of Parliament under which the revenue of the country is raised. This Act of 1812 is a very interesting historical document, but, really, seriously to suggest that it provides words suitable for raising revenue is stretching the imagination a good deal. I have no doubt that the Committee was composed of members with a strong historical sense and who liked old-fashioned phraseology, and that they were not very anxious to do lawyers out of a job by making matters clear. The people who framed that Act were, to do them justice, very anxious to make the people understand what articles were to be taxed. Here are four pages of patent medicines advertised as taxable, and I venture to say that not one in 10 of them can be bought in any chemist's or grocer's shop in this country. Here they are:

"Adams's Solvent, Addison's Re-animating European Balsam, Aetherial Anodyne Spirit,"

and so on, column after column, ending with "Zimmerman's Stimulating Fluid."

[Mr. Harris.]

I would not mind offering a prize to any Member of this Committee who can buy any of these articles that the Committee of 1812 put on the list in order that the public should know whether a particular article was taxable or not. Are we sure that Beecham's pills and Enos fruit salts are rightly being taxed under the Act of 1812? It is true that at the very end of the Act, stowed away in the last Section, are some special exemptions—all drugs named or contained in the Book of Rates subscribed with the name of Sir Harbottle Grimstone. I believe the hon. Baronet was a distinguished member of this House. I am not quite clear on this point, but I have no doubt that some of my medical friends will be able to tell me that this particular book is recognised as an authority on medicines. Anyhow, his medicines are excluded from taxation. Then there is a great number of additional articles, under which, I understand, the right hon. Gentleman takes refuge. It is the Section at the end of the long list of articles on the four pages referred to. It reads as follows:

"And also all other pills, powders, lozenges, tinctures, potions, cordials, electuaries and so on"—

I do not want to weary the Committee by mentioning all of them—[HON. MEMBERS: "Go on!"]—

"made, prepared, uttered, vended, or exposed to sale by any person or persons whatsoever, wherein the person making, preparing, uttering, vending, or exposing for sale the same, hath or claims to have any occult secret or art for the making or preparing the same."

I very much doubt whether it is legal to advertise under our present law that an article is made under an occult secret. I would suggest to the Committee that it is impossible to use that kind of wording to justify the raising of additional taxes in 1927. It is a very doubtful direction to this House. It goes on to say:

"Or hath or claims to have any exclusive right or title to the making or preparing the same, or which have at any time heretofore been, now are or shall hereafter be prepared, uttered, vended or exposed to sale under the authority of any Letters Patent under the Great Seal."

The DEPUTY-CHAIRMAN (Captain FitzRoy): This is not a question which is before the Committee.

Mr. HARRIS: What I am showing is, that before we make this tax permanent, the Committee should be quite clear that the words governing the tax are on sound principles and intelligible to the public. I most respectfully submit that these words are out of date. I pressed last year, and also on the Budget Resolutions, for new words to be provided. This the Financial Secretary admitted, but, apparently, his Committee came to the conclusion that these words are clear. Having read them to the Committee—and after all we are the chosen of the country, and we are the most intelligent members of the public—I doubt whether the words are clear even to the majority of this Committee. At any rate, they are very complicated and involved. There is only one more sentence with which I should like to trouble the House. First, they must either be as the result of occult secret or art or produced under Letters Patent,

"or which have at any time heretofore been, now are or shall hereafter be by any public notice or advertisement, or by any written or printed papers or hand bills, or by any label or words written or printed, affixed to, or delivered with any packet, box, bottle, phial or other inclosure containing the same, held out or recommended to the public."

I submit that to make a tax of this kind permanent under words of this kind is not only an insult to the Committee, but is treating taxation in a light and frivolous manner. My remarks have caused a certain amount of amusement, but, after all, this is not the way to raise revenue in this country at a time like this. I would suggest to the Financial Secretary to the Treasury that if we are to have this tax, he should give an undertaking next year to reconsider the whole matter, that the words governing the imposition of the tax should be redrafted, and that another Clause should be put in the Finance Bill of next year. I do not suggest that it should be done this year. We do not want to be unreasonable. We are prepared to wait until 1928 with patience. But I do not think the right hon. Gentleman is justified in asking this Committee to impose this tax under an Act passed in 1812, the words of which are out of date and hardly intelligible to the general public.

Commander WILLIAMS: I do not propose to follow the hon. Gentleman into

the realms of occult science or in regard to the wording of an Act of Parliament of 1812. I have no doubt that past history rather than looking forward to the future may be of more interest to his party than it is, possibly, to my party. [*Interruption.*] At any rate, our future is not concerned with occult science. Our future is absolutely assured for many years in this House. I have no doubt Gentlemen on the other side of the Committee dwell on these old Measures because they are more cheerful. I want to say one or two words about this Clause, which is of very great interest from many points of view. Personally, I am not interested in medicines of any kind. I am not at all sure whether there are not almost as many people in this country, if not more, injured through drinking medicines as there are through drinking other beverages.

The DEPUTY - CHAIRMAN: The question before the Committee is whether the tax should be permanent or temporary, and has nothing to do with the quality of the medicines.

Commander WILLIAMS: I want to be clear whether, in making this permanent, as we are to-day, the Chancellor of the Exchequer is doing something which many of us believe may possibly be a handicap in the future to a particular line of thought and argument. I believe that this putting of Excise Duties on to a great number of articles manufactured in England, is, on the whole, one to be deprecated. I would like to ask the Financial Secretary to the Treasury if, in discussing the Budget for another year, he will see whether it is not possible to put rather more duty on foreign articles coming in to compete with us, and rather less Excise Duty on British-made medicine, which is of a much higher quality and much more useful. Apparently, all parties except the Liberal party are agreed that this duty shall be made permanent. I conclude that the Socialist party are in agreement with the proposal, because they do not appear to be very interested in the subject. I would ask the Financial Secretary that one simple question, whether, in going into the matter another year, it will not be possible to lower the existing duty on

British medicines and tighten up the duty on foreign medicines, and whether, before we pass this Clause, he will give the Committee a definite assurance that by passing this Clause it will not be more difficult to get that preference in the near future?

Sir HILTON YOUNG: There is, I think, a principle involved in this Amendment, and as it is raised by a series of Amendments from the benches opposite, it may be worth while a single brief reference. The proposal is, that this duty should be re-debated annually. Is it not worth while reminding ourselves that the general structure of our financial organisation is that taxes and duties are permanent enactments, and that two only are reserved for annual reconsideration in order to give the House of Commons the opportunity, in short, of imposing its will upon the Executive? Those two which are reserved for annual re-enactment are one great direct tax, the Income Tax, and one great indirect tax, the Tea Duty. It is very important in the interest of the trader that he should not be cast into annual doubt as to the basis upon which he is to make his prices during the coming year. It is in the interests of this House—it is surely common sense—that it should not be called upon to re-debate annually more subjects than it need debate. It tends to overwhelm the proceedings of this House with, at any rate, opportunities for discussions which are apt to lead us aside and possibly into discussions which are not, perhaps, vital to the business of the nation.

Finally, one word on the need of the principle which underlies this duty and which, I think, is so strong that it has strength enough to establish the duty as a permanent duty. One is not, perhaps, in favour of small fancy taxes. With regard to this particular tax, no doubt very large profits are made by vendors of patent medicines, and very largely from the credulity and ignorance of their fellow countrymen. Either the patent medicine, as sold, is worth nothing or contains nothing which is not in the ordinary pharmacopoea. In that case, the unfortunate purchaser has paid 10 times the amount the article is worth and it is quite just that the vendor should make some contribution to the revenue. In

[Sir H. Young.]

those cases where there is some special knowledge or secret of manufacture contained in the articles sold it is surely in the public interest that the secret knowledge should be at the disposal of the whole medical profession, and if it is not put at the disposal of the whole medical profession then it is right that the vendor should pay for this retention of useful knowledge from the public generally.

Mr. E. BROWN: I am surprised that the hon. and gallant Member for Torquay (Commander Williams) should take the question of patent medicines lightly. There was an old-fashioned vendor of patent medicines in the West Country who used to sing this song:

“There be fifty cures for every ill,
And each one be the best;
You can drink them down, or rub them in,
Or lay them on your chest.”

Up to recent times, in the hon. and gallant Member's own constituency, there has been a vendor of a particular herb medicine which would be taxed under this provision. It has brought relief to some of the hon. and gallant Member's constituents when the medical profession have been unable to do so. He, therefore, should be careful what he says about patent medicines in this House. We always receive with respect what the right hon. Member for Norwich (Sir Hilton Young) has to say on the general structure of the financial system of this country, but when he stresses the interests of the traders in this matter, I must point out that there are also the

interests of the consumers to be considered. The Committee will no doubt agree that if there is one set of duties which should come under annual review it is the series of duties imposed in time of war purely for war purposes. That is why we move this Amendment. A great deal of money is involved. These duties before the War brought in £360,000; according to the last return, that is the year before last, they brought in £1,290,000, and the amount is now about £1,344,000. We consider that our argument is quite sound and, although it is to the interests of the traders not to have great upsets each year, it is to the interests of the consumers to see that before a permanent basis of taxation is reached every single one of these irritating duties, most of which are indirect duties and come out of the purchasing power of the people, is brought under annual review. The Match Tax, which was imposed purely for war purposes, was never discussed from 1915 until this year. I agree with the right hon. Gentleman the Member for Norwich on the general point, but, in regard to these war duties, I think we are on firm ground in asking that before a permanent basis is reached they shall be brought under annual review, and shall not be missed in the discussions which are occasioned by the new Budget of the Chancellor of the Exchequer.

Question put, “That the words proposed to be left out stand part of the Clause.”

The Committee divided: Ayes, 249; Noes, 125.

Division No. 216.]

AYES.

[5.50 p.m.]

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Ainsworth, Major Charles
Albery, Irving James
Alexander, E. E. (Leyton)
Amery, Rt. Hon. Leopold C. M. S.
Appin, Colonel R. V. K.
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Viscountess
Balfour, Lord
Barclay-Harvey, C. M.
Barnston, Major Sir Harry
Beamish, Rear-Admiral T. P. H.
Beckett, Sir Gervase (Leeds, N.)
Bennett, A. J.
Berry, Sir George
Bettarton, Henry B.
Blundell, F. N.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowyer, Capt. G. E. W.
Bralthwaite, Major A. N.
Brass, Captain W.

Brassey, Sir Leonard
Brittain, Sir Harry
Brooke, Brigadier-General C. R. I.
Broun-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Bullock, Captain M.
Burman, J. B.
Burney, Lieut.-Com. Charles D.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Caine, Gordon Hall
Campbell, E. T.
Cayzer, Sir C. (Chester, City)
Cayzer, Maj. Sir Herbert R. (Preston, 3.)
Cazalet, Captain Victor A.
Ceell, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Chapman, Sir S.
Chilcott, Sir Warden
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer

Churchman, Sir Arthur C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Cockerill, Brig.-General Sir George
Colfox, Major Wm. Phillips
Conway, Sir W. Martin
Cooper, A. Duff
Courthope, Colonel Sir G. L.
Craig, Sir Ernest (Chester, Crewe)
Crooke, J. Smedley (Deritend)
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Curzon, Captain Viscount
Dalkeith, Earl of
Davidson, Major-General Sir John H.
Davies, Maj. Geo. F. (Somerset, Yeovil)
Davies, Sir Thomas (Clarence)
Davies, Dr. Vernon
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Drewe, C.
Eden, Captain Anthony
Ellis, R. G.
Elveden, Viscount

Erskine, Lord (Somerset, Weston-s.-M.)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fermoy, Lord
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Foster, Sir Harry S.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Fremantle, Lieut.-Colonel Francis E.
 Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Goff, Sir Park
 Gower, Sir Robert
 Grace, John
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'th's'w, E)
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotrian, H. Brent
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hohler, Sir Gerald Fitzroy
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Hopkinson, Sir A. (Eng. Universities)
 Hopkinson, A. (Lancaster, Mossley)
 Horne, Rt. Hon. Sir Robert S.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Huntingfield, Lord
 Hurst, Gerald B.

Hutchison, G. A. Clark (Mid'n & P'bl's)
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Kidd, J. (Lnlithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Locker-Lampson, G. (Wood Green)
 Long, Major Eric
 Looker, Herbert William
 Lowe, Sir Francis William
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir Robert J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 McLean, Major A.
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marlott, Sir J. A. R.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moreing, Captain A. H.
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, Col. Rt. Hon. W. G. (P'ts'ld.)
 Oman, Sir Charles William C.
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, Sir Basil E. (Devon, Barnstaple)
 Pownall, Sir Asheton
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick

Robinson, Sir T. (Lancs, Stretford)
 Russell, Alexander West (Tynemouth)
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast.)
 Skelton, A. N.
 Smith, R. W. (Aberd'n & Kinc'dine, C. Y.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Stuart, Crighton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Templeton, W. P.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Wheler, Major Sir Granville C. H.
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterlon, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill- (High Peak)
 Worthington-Evans, Rt. Hon. Sir L.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Sir George Hennessy and
 Major Cope.

NOES.

Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Briant, Frank
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buxton, Rt. Hon. Noel
 Charleton, H. C.
 Clowes, S.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.

Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Dennison, R.
 Duckworth, John
 Dunnico, H.
 Edwards, C. (Monmouth, Bedwellty)
 Edwards, J. Hugh (Accrington)
 England, Colonel A.
 Evans, Capt. Ernest (Welsh Univer.)
 Forrest, W.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, Rt. Hon. Wm. (Edin., Cent.)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Groves, T.

Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydfil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harney, E. A.
 Harris, Percy A.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhonda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)

Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lee, F.
Lindley, F. W.
Lunn, William
Mackinder, W.
Macpherson, Rt. Hon. James I.
March, S.
Montague, Frederick
Morrison, R. C. (Tottenham, N.)
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Pain, John Henry
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Riley, Ben
Ritson, J.
Roberts, Rt. Hon. F. O. (W. Bromwich)

Robinson, W. C. (Yorks, W.R., Elland)
Rose, Frank H.
Runciman, Rt. Hon. Walter
Scrymgeour, E.
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Sinclair, Major Sir A. (Calthness)
Smilie, Robert
Smith, Ben (Bermondsey, Rotherhithe)
Smith, H. B. Lees (Kelghley)
Smith, Rennie (Penistone)
Snell, Harry
Snowden, Rt. Hon. Philip
Spencer, G. A. (Broxtowe)
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart, J. (St. Rolfox)
Strauss, E. A.
Thomas, Rt. Hon. James H. (Derby)
Thorne, W. (West Ham, Plaistow)

Thurtle, Ernest
Townend, A. E.
Viant, S. P.
Wallhead, Richard C.
Watts-Morgan, Lt.-Col. D. (Rhondda)
Wedgwood, Rt. Hon. Josiah
Wellock, Wilfred
Welsh, J. C.
Whitelev, W.
Wiggins, William Martin
Wilkinson, Ellen C.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, E.)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Wright, W.
Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
Sir Robert Hutchison and Mr. Fenby.

Motion made, and Question put, The Committee divided: Ayes, 258,
“That the Clause stand part of the Noes, 123.
Bill.”

Division No. 217.]

AYES.

[5.59 p.m.]

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Ainsworth, Major Charles
Albery, Irving James
Alexander, E. E. (Leyton)
Amery, Rt. Hon. Leopold C. M. S.
Appin, Colonel R. V. K.
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Asbury, Lieut.-Commander F. W.
Astor, Viscountess
Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Bainiel, Lord
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Beamish, Rear-Admiral T. P. H.
Beckett, Sir Gervase (Leeds, N.)
Bennett, A. J.
Berry, Sir George
Betterson, Henry B.
Blundell, F. N.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowyer, Captain G. E. W.
Braithwaite, Major A. N.
Brass, Captain W.
Brassey, Sir Leonard
Brittain, Sir Harry
Brooke, Brigadier-General C. R. I.
Brown-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Bull, Rt. Hon. Sir William James
Bullock, Captain M.
Burman, J. B.
Burney, Lieut.-Com. Charles D.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Caine, Gordon Hall
Campbell, E. T.
Cayzer, Sir C. (Chester, City)
Cayzer, Maj. Sir Herbert R. (Preston, S.)
Cazalet, Captain Victor A.
Ceill, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Chapman, Sir S.
Chilcott, Sir Warden
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer

Churchman, Sir Arthur C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Cockerill, Brig.-General Sir George
Colfox, Major Wm. Phillips
Conway, Sir W. Martin
Cooper, A. Duff
Courthope, Colonel Sir G. L.
Craig, Sir Ernest (Chester, Crewe)
Croft, Brigadier-General Sir H.
Cooke, J. Smedley (Deritend)
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Curzon, Captain Viscount
Dalkeith, Earl of
Davidson, Major-General Sir J. H.
Davies, Maj. Geo. F. (Somerset, Yeovil)
Davies, Sir Thomas (Gloucester)
Davies, Dr. Vernon
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. H.
Drewe, C.
Eden, Captain Anthony
Ellis, R. G.
Elveden, Viscount
Erskine, Lord (Somerset, Weston-s-M.)
Everard, W. Lindsay
Fairfax, Captain J. G.
Falls, Sir Bertram G.
Fermoy, Lord
Fielden, E. B.
Finburgh, S.
Ford, Sir P. J.
Forestier-Walker, Sir L.
Foster, Sir Harry S.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Fremantle, Lieut.-Colonel Francis E.
Gadls, Lieut.-Col. Anthony
Ganzoni, Sir John
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Glyn, Major R. G. C.
Goff, Sir Park
Gower, Sir Robert
Grace, John
Grattan-Doyse, Sir N.
Greaves-Lord, Sir Walter
Greene, W. P. Crawford
Greenwood, Rt. Hon. Sir H. (W'th's'w, E.)
Grenfell, Edward C. (City of London)
Gretton, Colonel Rt. Hon. John
Grotrian, H. Brent
Guinness, Rt. Hon. Walter E.
Gunston, Captain D. W.
Hacking, Captain Douglas H.
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Haslam, Henry C.
Hawke, John Anthony
Headlam, Lieut.-Colonel C. M.
Henderson, Capt. R. R. (Oxf'd, Henley)
Heneage, Lieut.-Col. Arthur P.
Henn, Sir Sydney H.
Hennessy, Major J. R. G.
Hills, Major John Waller
Hilton, Cecil
Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Hohler, Sir Gerald Fitzroy
Holt, Captain H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hope, Sir Harry (Forfar)
Hopkins, J. W. W.
Hopkinson, Sir A. (Eng. Universities)
Hopkinson, A. (Lancaster, Mossley)
Horne, Rt. Hon. Sir Robert S.
Howard-Bury, Lieut.-Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hudson, R. S. (Cumberland, White'n)
Hume, Sir G. H.
Huntingfield, Lord
Hurd, Percy A.
Hurst, Gerald B.
Hutchison, G. A. Clark (Mid'n & P'bl's)
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Jacob, A. E.
James, Lieut.-Colonel Hon. Cuthbert
Jephcott, A. R.
Kidd, J. (Linthgow)
Kindersley, Major G. M.
King, Commodore Henry Douglas
Kinloch-Cooke, Sir Clement
Knox, Sir Alfred
Lamb, J. Q.
Lane Fox, Col. Rt. Hon. George R.
Leigh, Sir John (Clapham)
Lister, Cunliffe, Rt. Hon. Sir Philip
Locker-Lampson, G. (Wood Green)
Long, Major Eric

Looker, Herbert William
 Lougher, Lewis
 Lowe, Sir Francis William
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 McLean, Major A.
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Marriott, Sir J. A. R.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, Col. Rt. Hon. W. G. (Pitshill)
 Oman, Sir Charles William C.
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, Sir Basil E. (Devon, Barnstaple)
 Preston, William
 Price, Major C. W. M.

Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Robinson, Sir T. (Lancs., Stretford)
 Russell, Alexander West (Tynemouth)
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savory, S. S.
 Scott, Rt. Hon. Sir Leslie
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Smith, R. W. (Aberdeen & Kincardine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.

Sueter, Rear-Admiral Murray Fraser
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Templeton, W. P.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinné, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill (High Peak)
 Worthington-Evans, Rt. Hon. Sir L.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Cope and Captain Margesson.

NOES.

Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Briant, Frank
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buxton, Rt. Hon. Noel
 Charleton, H. C.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Dennison, R.
 Duckworth, John
 Dunnico, H.
 Edwards, C. (Monmouth, Bedwellty)
 Edwards, J. Hugh (Accrington)
 England, Colonel A.
 Evans, Capt. Ernest (Welsh Univer.)
 Forrest, W.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, Rt. Hon. Wm. (Edin., Cent.)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)

Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merloneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lunn, William
 Mackinder, W.
 Macpherson, Rt. Hon. James I.
 March, S.
 Montague, Frederick
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Pailin, John Henry
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W. R., Elland)
 Rose, Frank H.
 Runciman, Rt. Hon. Walter
 Scrymgeour, E.

Scurr, John
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sinclair, Major Sir A. (Caithness)
 Slessor, Sir Henry H.
 Smillie, Robert
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spencer, G. A. (Broxtowe)
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Thomas, Rt. Hon. James H. (Derby)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Townend, A. E.
 Viant, S. P.
 Wallhead, Richard C.
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Whiteley, W.
 Wiggins, William Martin
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
 Sir Robert Hutchison and Mr. Fenby.

CLAUSE 3. — (*Exemption of motor tyres from Customs duty to cease.*)

Mr. HARRIS: I beg to move, in page 2, line 16, to leave out the words "motor bicycles and motor tricycles."

The name of McKenna has been so much taken in vain by various Chancellors of the Exchequer, and his War taxes have been pleaded as a justification for so many bad taxes, that it is interesting to note the provisions of this Clause. Even Mr. McKenna, hard up as he was for revenue, and ingenious as he was in finding the necessary money to carry on the War, came to the conclusion, after taking careful advice, that it would not be either wise or satisfactory to tax motor tyres. At this stage of these proceedings I am only going to refer to one side of the question. The principle underlying the general taxation of motor tyres can be considered subsequently on the main Question of the Clause standing part, but I am going now to ask the Committee, whatever it may decide on the larger question of policy, to exclude taxes on tyres of motor bicycles and tricycles. When we consider this as a question of policy I think there is an unanswerable case. It may be argued that our importation of motor bicycles and tricycles is comparatively small compared with our production and export of those articles. No doubt, thanks largely to the import of untaxed materials, we have been able to do the main motor-bicycle trade of the world. The English motor bicycle and the English motor car stand supreme, not only in our own Dominions but throughout the world, for price, wearing qualities and efficiency.

We depend largely on our export trade, although at present, in spite of the duty on the completed article, we are still importing a considerable number—some thousands each year. The Committee, by this Clause, is being asked to impose a tax on an important accessory of the motor bicycle, and, in fact, on a component part. Does it not seem a little unwise and short-sighted, in view of the immense export trade which we are doing, to throw out this challenge to foreign countries with which we are doing a large business? Does it seem a sane policy, even to those who believe in protection? There is also the point

of view of the users of the motor bicycle. In many parts of the country, especially in the Midlands, the motor bicycle has become essential to the ordinary working man. In certain towns you will see hundreds of motor bicycles carrying men to and from their work. The motor car is outside the reach of these men in price. In America the Ford car very largely does this work, but in England, partly because of the character of our roads and partly because of the adventurous spirit of our people the noisy bumping of the motor bicycle is preferred. Further, a man, who would never dream of owning a motor car, is able to keep a motor bicycle because it is easily stored, while the initial outlay is lighter and the tax smaller than in the case of a motor car. It may be said that the tyre is a very small part of the bicycle, but I would remind the Committee that in taxing the tyre they are coming very near to another road tax. The tyre tax is very near the old wheel tax, and the wheel tax nearly brought down at least one Government owing to the great outcry against it. This blessed Conservative and reactionary Government by taxing tyres is ingeniously restoring the principle of the wheel tax and, perhaps, a window tax will be the next experiment if we live long enough under the reckless extravagance of the present Chancellor of the Exchequer.

The principle in this Clause seems to me to be unsound. I am not in a position to state the percentage of imports of tyres coming under the categories of motor bicycles and motor tricycles, but I think there is a very strong case for exempting this very essential part of a popular means of conveyance. The housing problem is a burning question with social reformers, and one of the difficulties experienced in London and elsewhere has been that of carrying people from the centres of population to the new garden suburbs which are coming into existence. In London the motor bicycle has not solved the problem but in provincial towns, where the difficulty of access is not so serious, the motor bicycle has been of tremendous assistance and has enabled men to live six or 10 or 20 miles away from their work. There is an overwhelming case against the inclusion of motor bicycles in this Clause.

I am glad to see in his place my hon. and gallant Friend the Member for Bournemouth (Brigadier-General Sir Henry Croft). I admire his frankness, sincerity and courage. There is no mincing of words and no quibbling on his part. He does not profess to be at heart a Free Trader, or to be against the imposition of taxes. He is, frankly and honestly, a Protectionist. Not only does he believe Protection is a good thing, but he has the courage of his principles. That is the type of opponent I respect, and his attitude helps the cause far better than does the attitude of Members on the Treasury bench, who assure us they are really Free Traders, not in favour of tariffs, but only going in for safeguarding, or, in the case of some duties, supporting them not in order to safeguard industry but merely for the sake of obtaining revenue. As I understand it, the Financial Secretary will justify this tax not because it is protective but because the country is hard up, and other sources than films and matches must be found in order to provide money. I have no doubt that my hon. and gallant Friend the Member for Bournemouth will say that already a new factory is going to be put up in this country by a French firm which is fighting the great tyre trust, the Dunlop Company. I am informed, however, that arrangements were made to erect that factory before ever this tax was thought of.

Brigadier-General Sir HENRY CROFT: May I correct the hon. Member, as he referred specially to me? May I tell him that his information is out of date, because I think two other factories are coming to this country?

Mr. HARRIS: That is quite possible, but our experience is that so soon as a tariff is put on, and Protection is thus provided, these big concerns come together and either fix up a selling agreement or form a trust. Tariffs are the friends of trusts. The tyre companies in this country have always had against them the healthy breeze of foreign competition, and they have not been able to establish any combines or to bring all the various companies into line; but experience in America and in other parts of the world proves that so soon as a tariff wall is put up arrangements are made whereby if the price of the article is not raised, at any rate it is stabilised;

which is very similar to raising prices, because otherwise prices would tend to fall as production improves. As soon as this tariff wall is properly fixed and entrenched these big manufacturing companies, powerful, wealthy companies, will come to an arrangement and a combine or trust will be formed; and to avoid that I think it is essential that we should have the advantage of imports to protect the consumer and prevent the trusts from withholding the advantage of low prices from the public. I think I have made a very strong case, and I hope the Financial Secretary will listen to the light of reason, and at any rate exclude tyres for motor bicycles, which are so essential for the convenience of the working class.

Mr. LEES-SMITH: I rise merely to ask whether the Financial Secretary to the Treasury proposes to make any reply.

Mr. McNEILL: I certainly propose to make a reply if a case is made out on the other side of the Committee.

Mr. RUNCIMAN: Surely the Financial Secretary is not going to dispose of a question of this importance by a sneer at the case which has been put up from these benches? I feel quite sure that the right hon. Gentleman will never be lacking in courtesy, and if he has been listening, as I have no doubt he has been, to what my hon. Friend has said, he will know that a case has been made out which merits some reply from the Treasury bench.

Mr. McNEILL: May I interrupt to say that is quite true, but the right hon. Gentleman has put his own name to this Amendment, and I thought courtesy required that I should allow him to strengthen the case of his hon. Friend.

Mr. RUNCIMAN: The right hon. Gentleman need have no anxiety on that score. I do not propose to detain the Committee, because my hon. Friend has made out a sufficiently good case to merit a reply from the right hon. Gentleman and I hope we shall have it.

Mr. McNEILL: May I ask the right hon. Gentleman whether he intends to give the Committee the benefit of his views on this matter? Otherwise, I consider I am entitled to choose my own time for addressing the Committee.

Captain GARRO-JONES: I think it would be the very minimum of courtesy for the Financial Secretary to tell us for what reason it is impossible for the Government to accept this Amendment. There is a great deal to be said in favour of it, apart from the arguments which have been advanced by the hon. Member for South-West Bethnal Green (Mr. Harris). I consider that in the interest of the health of the nation it would be a splendid thing—[*Laughter*—this is no laughing matter—for those poor people who are unable to afford motor cars, but are able to afford bicycles and motor cycles, to be able to get tyres a little cheaper. In my constituency in the East End of London there are hundreds of people whose sole recreation, whose only means of getting out into the fresh air, is on a bicycle or a motor bicycle, and I know the sacrifices to which some of them submit in order to save enough money to purchase one. Therefore, when the right hon. Gentleman is asked whether he can see his way either to reduce or altogether remove this tax on tyres, I think we are entitled to some reply. We are not asking him to remove the tax on tyres altogether. I ask him why the Government are unable to make this reduction in the tax on cheap tyres and I hope he will let us have some reply, or we shall have to speak at considerably greater length on the subsequent Amendments on the Order Paper.

Mr. McNEILL: I do not like to dis-appoint the Committee any longer as hon. Members seem anxious that I should make a reply at the earliest possible moment instead of waiting in order to collect the various views, which are not always identical, in favour of the Amendment, a course which I thought would be more convenient. I do not propose to take up the time of the Committee by rising repeatedly to make a reply to everybody who chooses to address it. I have sometimes heard complaints that an individual reply is not given on every occasion, but I was proposing to wait until a number of Members had addressed the Committee before attempting to give a reply on behalf of the Government. As it is, I have to be content with the speeches of the two hon. Members and it is quite true that the hon. and gallant Member for South Hackney (Captain Garro-Jones) did strengthen the case

which had been made by the hon. Member for South-West Bethnal Green (Mr. Harris).

The hon. Member for South-West Bethnal Green supported this Amendment on a number of different grounds. First of all, there was the orthodox Free Trade argument. That did not surprise me at all. He saw that this particular Clause is some infringement of that doctrine, and naturally he did not lose the opportunity of pointing it out. His second point was that as compared with motor cars the motor-bicycle is used by the comparatively less well-to-do. Then he passed on to the point that injury might be inflicted upon our export trade if the Amendment were not accepted. To these arguments the hon. and gallant Member who followed him added the cause of national health. So now we have all these various grounds, including national health, as a reason for making this particular exception to the duty which will be imposed upon motor tyres by this Bill.

I do not think the Committee will expect me to go over all these various reasons, including national health. I admit at once that motor cycling is a delightful, a healthy and a desirable recreation, and that as many people as possible ought to go out into the country on motor cycles, and therefore I cannot be accused of being unsympathetic on that score. I also admit that the owner of the motor bicycle is, as a rule, a less wealthy person than the man who has a large motor car. I do not see, however, that either of these reasons affords any sufficient ground for making this exception to the duty. We have been talking about the duties on tea and other commodities consumed by the mass of the people. Taking a broad general view, there is no doubt that all people who are fortunate enough to own motor vehicles of any sort are, on the whole, comparatively well-to-do as compared with the large mass of the people, and I do not think there is any legitimate ground for claiming that the owner of a motor cycle is distinguished from any other user of imported tyres.

The hon. Member for South-West Bethnal Green said it was to the advantage of everybody owning a motor car to have tyres imported into this country, because in that way he would be able to get them cheaper. I am not at all

sure that is the case. The motor-car tyres manufactured by Dunlops have not risen in price since the announcement of this duty, and I do not believe they will. At any rate, if they do, the rise will be perfectly trifling. In addition to that, as the hon. Member himself mentions, some foreign manufacturers have set up, and are intending to set up, factories in this country, and I have no doubt that the competition which that will cause amongst manufacturers in this country will prevent any real rise in the price of tyres such as could give any legitimate cause for complaint.

Let me point out the most important reasons for not accepting this Amendment. Last year an exception in favour of commercially-used motor cars was done away with, and the main reason for that, as was explained at the time, lay in the very great administrative difficulties of distinguishing in the case of the parts and accessories of motor cars whether or not the imported article was for use on a commercial vehicle, in which case it would be exempt from duty, or for use on another sort of car, in which case it would be subject to duty. It was for that reason, mainly, that that distinction was swept away last year. If this Amendment were accepted, we should be reintroducing that difficulty in another form, and in some ways a more obnoxious form, because I am advised that it would be quite impossible for the Customs Department to say when a tyre reached our shores whether it was to come under the exemptions which this Amendment would introduce or whether it would be subject to duty.

For that reason, and for no other, I must ask the Committee to reject this Amendment. Really, I can see no reason whatever in its favour. I have already explained the reason why an exemption was made in the case of the duty on these tyres in 1915. The Committee will remember that originally tyres were not exempted from the duty imposed in 1915 upon accessories and parts, but it was by an Amendment introduced in 1915 that an exemption was made in the case of tyres for reasons with which the Committee is familiar. Those reasons have absolutely passed away now, and there is no reason why that exemption should be continued which, for special reasons, was introduced in 1915. Those reasons apply all round to all sorts of tyres whether for use in the case of motor cycles or large cars. No satisfactory reason has been adduced by the hon. Member who moved this Amendment in favour of its acceptance, nor has he made out any case for his proposal. I admit that the hon. Member has brought forward some reasons which might be considered valid against a duty on tyres all round, but he has made no case for this particular exemption. This Amendment is one which would cut into the administration of the duty, and it would mean a certain amount of loss to the revenue. For these reasons, I hope the Committee will reject the Amendment.

Question put, "That the words proposed to be left out stand part of the Clause."

The Committee divided: Ayes, 255; Noes, 130.

Division No. 218.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Ainsworth, Major Charles
 Alberty, Irving James
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Apsley, Lord
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atkinson, C.
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Balmlel, Lord
 Barclay-Harvey, C. M.
 Barnett, Major Sir Richard
 Barnston, Major Sir Harry
 Beamish, Rear-Admiral T. P. H.
 Beckett, Sir Gervase (Leeds, N.)
 Bennett, A. J.
 Berry, Sir George
 Betterton, Henry B.

AYES.

Birchall, Major J. Dearman
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Captain G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Brasse, Sir Leonard
 Brittain, Sir Harry
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buchan, John
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burney, Lieut.-Com. Charles D.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Caine, Gordon Hall
 Campbell, E. T.

[6.34 p.m.]

Cayzer, Sir C. (Chester, City)
 Cazalet, Captain Victor A.
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Chilcott, Sir Warden
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Colfox, Major Wm. Phillips
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Courthope, Colonel Sir G. L.
 Craig, Sir Ernest (Chester, *Crewe)
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Dartford)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Curzon, Captain Viscount
 Dalkeith, Earl of
 Davidson, Major-General Sir J. H.

Davies, Maj. Geo. F. (Somerset, Yeovil)	Horne, Rt. Hon. Sir Robert S.	Rice, Sir Frederick
Davies, Sir Thomas (Cirencester)	Howard-Bury, Lieut.-Colonel C. K.	Russell, Alexander West (Tynemouth)
Davies, Dr. Vernon	Hudson, Capt. A. U. M. (Hackney, N.)	Salmon, Major I.
Dawson, Sir Philip	Hudson, R. S. (Cumberl'nd, Whiteh'n)	Samuel, A. M. (Surrey, Farnham)
Dean, Arthur Wellesley	Hume, Sir G. H.	Sandeman, N. Stewart
Dixon, Captain Rt. Hon. Herbert	Huntingfield, Lord	Sanders, Sir Robert A.
Drewe, C.	Hurst, Gerald B.	Sanderson, Sir Frank
Eden, Captain Anthony	Hutchison, G. A. Clark (Mid'l'n & P'b'l's)	Sandon, Lord
Ellis, R. G.	Jackson, Sir H. (Wandsworth, Cen'l)	Sassoon, Sir Philip Albert Gustave D.
Elveden, Viscount	Jacob, A. E.	Savery, S. S.
Erskine, Lord (Somerset, Weston-s.-M.)	James, Lieut.-Colonel Hon. Cuthbert	Scott, Rt. Hon. Sir Leslie
Everard, W. Lindsay	Jephcott, A. R.	Sheffield, Sir Berkeley
Fairfax, Captain J. G.	Jones, G. W. H. (Stoke Newington)	Shepperson, E. W.
Falle, Sir Bertram G.	Kidd, J. (Linlithgow)	Simms, Dr. John M. (Co. Down)
Fielden, E. B.	Kindersley, Major Guy M.	Sinclair, Col. T. (Queen's Univ., Belfast)
Finburgh, S.	King, Commodore Henry Douglas	Skelton, A. N.
Ford, Sir P. J.	Kinloch-Cooke, Sir Clement	Smith, R. W. (Aberd'n & Kinc'dine, C.)
Forestier-Walker, Sir L.	Knox, Sir Alfred	Smith-Carington, Neville W.
Foster, Sir Harry S.	Lamb, J. Q.	Somerville, A. A. (Windsor)
Foxcroft, Captain C. T.	Lane Fox, Col. Rt. Hon. George R.	Spender-Clay, Colonel H.
Fraser, Captain Ian	Leigh, Sir John (Clapham)	Sprot, Sir Alexander
Gadlie, Lieut.-Col. Anthony	Lister, Cunliffe, Rt. Hon. Sir Philip	Stanley, Hon. O. F. G. (Westm'ealand)
Ganzoni, Sir John	Locker-Lampson, G. (Wood Green)	Steel, Major Samuel Strang
Gates, Percy	Long, Major Eric	Stuart, Crichton, Lord C.
Gault, Lieut.-Col. Andrew Hamilton	Looker, Herbert William	Stuart, Hon. J. (Moray and Nairn)
Gibbs, Col. Rt. Hon. George Abraham	Lougher, Lewis	Styles, Captain H. Walter
Gilmour, Lt.-Col. Rt. Hon. Sir John	Lowe, Sir Francis William	Sueter, Rear-Admiral Murray Fraser
Glyn, Major R. G. C.	Luce, Maj.-Gen. Sir Richard Harman	Sugden, Sir Wilfrid
Goff, Sir Park	Lumley, L. R.	Sykes, Major-Gen. Sir Frederick H.
Gower, Sir Robert	Lynn, Sir R. J.	Tasker, R. Inigo.
Grace, John	Macdonald, Capt. P. D. (I. of W.)	Templeton, W. P.
Grattar Doyle, Sir N.	Macdonald, R. (Glasgow, Cathcart)	Thom, Lt.-Col. J. G. (Dumbarton)
Greaves-Lord, Sir Walter	McLean, Major A.	Thompson, Luke (Sunderland)
Greene, W. P. Crawford	Macmillan, Captain H.	Thomson, F. C. (Aberdeen, South)
Greenwood, Rt. Hn. Sir H. (W'th's'w, E)	McNeill, Rt. Hon. Ronald John	Thomson, Rt. Hon. Sir W. Mitchell
Grenfell, Edward C. (City of London)	Makins, Brigadier-General E.	Tinne, J. A.
Gretton, Colonel Rt. Hon. John	Malone, Major P. B.	Titchfield, Major the Marquess of
Grottrian, H. Brent	Manningham-Buller, Sir Mervyn	Tryon, Rt. Hon. George Clement
Guinness, Rt. Hon. Walter E.	Marriott, Sir J. A. R.	Vaughan-Morgan, Col. K. P.
Gunston, Captain D. W.	Meyer, Sir Frank	Wallace, Captain D. E.
Hackling, Captain Douglas H.	Milne, J. S. Wardlaw.	Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Hall, Lieut.-Col. Sir F. (Dulwich)	Mitchell, S. (Lanark, Lanark)	Warner, Brigadier-General W. W.
Harrison, G. J. C.	Mitchell, W. Foot (Saffron Walden)	Warrender, Sir Victor
Hartington, Marquess of	Monsell, Eyres, Com. Rt. Hon. B. M.	Waterhouse, Captain Charles
Harvey, G. (Lambeth, Kennington)	Moore, Lieut.-Colonel T. C. R. (Ayr)	Watson, Rt. Hon. W. (Carlisle)
Harvey, Major S. E. (Devon, Totnes)	Moreing, Captain A. H.	Wells, S. R.
Haslam, Henry C.	Morrison-Bell, Sir Arthur Clive	Wheler, Major Sir Granville C. H.
Hawke, John Anthony	Nelson, Sir Frank	Williams, A. M. (Cornwall, Northern)
Headlam, Lieut.-Colonel C. M.	Nicholson, Col. Rt. Hn. W. G. (Ptrs'ld.)	Williams, Com. C. (Devon, Torquay)
Henderson, Capt. R. R. (Oxf'd, Henley)	Oman, Sir Charles William C.	Williams, Herbert G. (Reading)
Heneage, Lieut.-Colonel Arthur P.	Ormsby-Gore, Rt. Hon. William	Windsor-Clive, Lieut.-Colonel George
Henn, Sir Sydney H.	Penny, Frederick George	Winterton, Rt. Hon. Earl
Herbert, Dennis (Hertford, Watford)	Percy, Lord Eustace (Hastings)	Wise, Sir Fredric
Hills, Major John Waller	Perkins, Colonel E. K.	Withers, John James
Hilton, Cecil	Perring, Sir William George	Womersley, W. J.
Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.	Preston, William	Wood, E. (Chesh'r, Stalyb'dge & Hyde)
Hogg, Rt. Hon. Sir D. (St. Marylebone)	Price, Major C. W. M.	Wood, Sir Kingsley (Woolwich, W.)
Hohler, Sir Gerald Fitzroy	Radford, E. A.	Worthington-Evans, Rt. Hon. Sir L.
Holt, Capt. H. P.	Raine, Sir Walter	Yerburgh, Major Robert D. T.
Hope, Capt. A. O. J. (Warw'k, Nun.)	Reid, D. D. (County Down)	Young, Rt. Hon. Sir Hilton (Norwich)
Hope, Sir Harry (Forfar)	Remer, J. R.	
Hopkins, J. W. W.	Rentoul, G. S.	
Hopkinson, A. (Lancaster, Mossley)	Rhys, Hon. C. A. U.	

TELLERS FOR THE AYES.—
Major Sir George Hennessy and
Captain Margesson.

NOES.

Adamson, W. M. (Staff., Cannock)	Clynes, Rt. Hon. John R.	Gillet, George M.
Alexander, A. V. (Sheffield, Hillsbro')	Connolly, M.	Gosling, Harry
Baker, J. (Wolverhampton, Bliston)	Cowan, D. M. (Scottish Universities)	Greenwood, A. (Nelson and Colne)
Baker, Walter	Crawford, H. E.	Grenfell, D. R. (Glamorgan)
Barker, G. (Monmouth, Abertillery)	Davies, Rhys John (Westhoughton)	Groves, T.
Barnes, A.	Day, Colonel Harry	Grundy, T. W.
Batey, Joseph	Dennison, R.	Hall, F. (York, W. R., Normanton)
Bondfield, Margaret	Duckworth, John	Hall, G. H. (Merthyr Tydvil)
Bowerman, Rt. Hon. Charles W.	Dunlco, H.	Hamilton, Sir R. (Orkney & Shetland)
Briant, Frank	Edwards, C. (Monmouth, Badwelley)	Hardie, George D.
Broad, F. A.	Edwards, J. Hugh (Accrington)	Harney, E. A.
Brown, Ernest (Leith)	England, Colonel A.	Harris, Percy A.
Brown, James (Ayr and Bute)	Evans, Capt. Ernest (Welsh Univer.)	Hayday, Arthur
Buxton, Rt. Hon. Noel	Forrest, W.	Hayes, John Henry
Charleton, H. C.	Gardner, J. P.	Henderson, Right Hon. A. (Burnley)
Clowes, S.	Garro-Jones, Captain G. M.	Henderson, T. (Glasgow)
Cluse, W. S.	Gibbins, Joseph	Hirst, G. H.

Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Lunn, William
 Mackinder, W.
 MacLaren, Andrew
 Maclean, Neil (Glasgow, Govan)
 Macpherson, Rt. Hon. James I.
 March, S.
 Montague, Frederick
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.

Palin, John Henry
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.
 Runciman, Rt. Hon. Walter
 Scrymgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sinclair, Major Sir A. (Calthness)
 Slessor, Sir Henry H.
 Smillie, Robert
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Penlstone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spencer, G. A. (Broxtowe)
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell

Stewart J. (St. Rollox)
 Strauss, E. A.
 Thomas, Rt. Hon. James H. (Derby)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Whiteley, W.
 Wiggins, William Martin
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, E.)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
 Sir Robert Hutchison and Mr. Fenby.

Motion made and Question proposed,
 "That the Clause stand part of the Bill."

Mr. GILLET: I might remind the Committee that the subject we have now before us brings up that hardy annual known as the McKenna Duties. Possibly many hon. Members would have been quite glad if some Clause, possibly similar to that dealing with medicines, had been introduced taking the McKenna Duties out of the purview of this Committee. I know we have discussed this question until it has become almost stale, and the arguments must inevitably be very much the same year after year. The McKenna Duties seem to have been used by the party opposite rather as an excuse—

The CHAIRMAN (Mr. James Hope): I must remind the hon. Member that this Clause only refers to the duty on tyres.

Mr. GILLET: May I put it that the exemption is due to the fact that originally they were part of the McKenna Duties. For definite reasons they were taken out of that category, and they are now being placed in the same position as the other McKenna Duties.

The CHAIRMAN: If the hon. Member wishes to deal with the McKenna Duties, he must put down a new Clause. The discussion on this Clause must be confined to tyres.

Mr. GILLET: I should be the last person to desire to discuss the whole ques-

tion of the McKenna Duties, because I am sure the Committee is tired of discussing that subject. I take it, however, that I shall be in order in reminding the Committee that it was as a part of the McKenna Duties that this duty on tyres first came before the House, and the reason, although the Financial Secretary did not mention it, was that tyres were taken out of the original duties during the War, because it was thought that their inclusion would give offence to certain American interests at a time when the relationship between this country and America was in a rather difficult position, on account of the stoppage by our Navy of goods that were coming to Europe and other parts of the world. The reason for their exemption was, therefore, purely a political reason. I take it that the argument of the Financial Secretary is that excuse has now been removed, and that, as there is great need for money, the duties might as well be put back. It seems to me that, whether we are dealing with tyres or with the McKenna Duties, one great principle is involved in this question, and that is whether it is desirable to impose any form of Protection whatever on any kind of article coming into this country. In this case the article under consideration happens to be tyres.

Why should we impose a protective duty on tyres and not on many other things? I do not wish to seem to be encroaching on a subject which has been ruled out of order, but the answer given to that question is that this duty was a part of the McKenna Duties. If hon.

[Mr. Gillett.]

Members opposite were really going to have Protection, it is quite obvious that they should start, not with things like this, but with agriculture, or something of that sort. Why is it that we have these protective duties on a certain number of articles, thereby imposing a hardship on many trades and industries which, according to hon. Members opposite, are most in need of Protection? It is going to make it harder, for instance, for the farmer who has a motor car; it is going indirectly to increase the cost of his car. I know the right hon. Gentleman will say he has been assured by the traders that there is not going to be any increase in cost, but it is quite impossible to argue that a protective duty will not ultimately increase the cost, except, as I am quite willing to concede to the right hon. Gentleman, in certain circumstances. For instance, it may be that the price is going to fall in any case, and, if at that moment you put on a protective duty, then, instead of the price falling, it may remain as it is. I think many of the articles on which the Government have imposed duties have been in that position. The duty has been imposed at a time when, probably, the price would have fallen, and what has happened has been that the price has remained stationary. Then hon. Members opposite have said that that proved that the argument used against the protected duty was false. It seems to me that the object of a protective duty is only obtained if the price of the article is raised, because, if the price of the article in this country is not raised, Protection will not be sufficient to keep out the article from another country. Ultimately, the cost of a protective duty must fall in some way on the consumer, and I should be glad to see any arguments adduced from a large number of cases that prove that to be false.

If you once arrive at the principle that goods are going to cost more, then, if certain articles are taken, one here and one there, a hardship is bound to be inflicted. Hon. Members may say that, as the duty has been imposed on motor cars and certain other things, therefore this duty ought to be maintained, but that is really no argument. Some of these duties which are now protective were not really imposed as protective duties, but were imposed with the object of keeping out certain goods which were

luxuries, and which at that time were not wanted in this country on account of the effect on the exchange and the monetary position. Hon. Members opposite have often taunted those who introduced these duties, and who are Free Traders, with not having held to their principles, but to judge anyone upon action taken during the War is hardly fair, and in any case it is quite legitimate to say that the object was really not protective, but that it was a purely War measure designed to keep out these goods. We have already been told that two or three factories are going to be started in this country, and it may be that hon. Members opposite will say that so many more people have been found employment. On the other hand, it must always be remembered that this will have an effect on certain other trades. Supposing it were possible to realise the idea of certain hon. Members that everything could be provided in this country, our shipping trade and many other trades would inevitably have to suffer, and hon. Members opposite would find it exceedingly difficult to prove that that was not the case. I object to any form of Protection, and it is on that ground that I oppose this Clause.

Possibly other Members of the House, like myself, have received a protest on the question of motor taxation, not, I think, directed specially to this particular tax, but to the imposition of taxation on the motor industry generally. It came from the National Road Transport Employers' Federation, and it was sent to other Members of the House as well as to myself some three or four months ago. Certain figures are quoted, supplied by the Ministry of Labour, in reference to the number of wholly unemployed persons registered as motor drivers, chauffeurs and so on. The number for London in 1926 is given as 2,275, and that number had increased in the following January, about a year after, to 2,643, or an increase of 18 per cent., while over the whole of Great Britain the increase was 15 per cent. That has been the effect in the motor transport industry, and it is also the effect which will be produced upon industry generally. Hon. Members opposite argue that factories are being brought here, and employment is being found, but the effect must inevitably be that the shipping and transport industries will suffer if any large measure

of protective tariffs is introduced. I know that this duty in itself is a very small thing. We were told in the Budget statement that the total sum for this year is only something like £700,000, but the underlying principle remains the same, and it is on that ground that I oppose the Clause.

Mr. CRAWFURD: I think it would be as well if the Committee could come to a decision as to the reason for imposing this particular tax. During the Report stage of the Budget Resolutions, the Financial Secretary to the Treasury, replying to some observations that I made, was good enough to say that all I had done was to trot out the old Free Trade argument, and that, therefore, he did not propose to waste the time of the Committee in answering it, because he thought that the Committee and the House were rather tired of this line of argument. I do not quote that in order to enter a complaint against the Financial Secretary, but I want to examine this particular duty from the point of view of the Protectionist case. It does not seem to me that there is a single valid reason for this particular duty. It is true that the Financial Secretary said just now that the reasons for exempting motor tyres from the general scheme of taxation in regard to motor cars were special reasons existing at the time, and that they have now ceased to operate. It is equally true that the reasons for all these duties have ceased to operate. I am within the recollection of my right hon. Friend the Member for West Swansea (Mr. Runciman) when I say that, at the time when those duties were imposed and when tyres were exempted, neither revenue nor Protection was concerned, but what was sought was the prohibition of certain imports for certain specific reasons. If, therefore, the argument of the Financial Secretary is to hold good, that the time for the exemption has passed, that argument applies equally to the whole range of these taxes. I want to inquire into the particular reason why this tax is imposed. Is it, in fact, imposed for purposes of protection? On the occasion of the Second Reading of the Finance Bill, a speech was made by the hon. Member for Darwen (Sir F. Sanderson), in the course of which he said:

"The industrial world is pleased to see that the pottery industry and the motor tyre industry have received consideration at the hands of the Chancellor of the Exchequer in the present Budget, but industrialists are disappointed to find that more use has not been made of the Safeguarding of Industries Act."—[OFFICIAL REPORT, 19th May, 1927; col. 1484, Vol. 206.]

Mr. REMER: Hear, hear!

Mr. CRAWFURD: The hon. Member for Macclesfield (Mr. Remer), as usual, reinforces my argument. There is no more useful Member of the House than the hon. Member for Macclesfield for certain purposes. I would like to put to the Chancellor of the Exchequer the simple question: Is this tax introduced from that point of view, or is it not? Is it intended and meant to be a Protective tax, or is it not? If it is meant to be a Protective tax, then I say that there is no industry, or, at any rate, there are few industries in this country which are less in need of protection than this particular industry. I know the argument of the hon. and gallant Member for Bournemouth (Sir H. Croft) about the setting up of foreign factories in this country, but let me remind him that as long as a year ago arrangements were made for setting up factories in this country by practically every 7.0 p.m. one of these foreign companies. Of course, the hon. and gallant Member may say it was intelligent anticipation, but I do not think it was. I think it was the exigencies of trade. But, leaving that aside for the moment, is there any reason at all—even if one accepts the Protectionist position—or any conceivable excuse for giving a protective duty to the industry? Let me again quote the hon. Member for Darwen on the occasion of the Second Reading of the Finance Bill, when he quoted a statement made by the Chairman of the Dunlop Rubber Tyre Company at the annual meeting of that company early in this year. His quotation was as follows. It is the Chairman of the Dunlop Company who is speaking:

"Coming down to the future, our main revenue comes from the sale of tyres, and during the first three months of the present year our sales have consistently beaten all previous records. Our principal factories are working at the greatest pressure, and it is with the greatest difficulty that they are able to meet the demands placed upon them. and exceptional efforts are being

[Mr. Crawford.]
made to relieve the situation.”—[OFFICIAL REPORT, 19th May, 1927; col. 1485, Vol. 206.]

Here is an industry which has only recently undergone a drastic reconstruction after being vastly over-capitalised, which on the statement of its chairman is working at the highest possible pressure and cannot fulfil a single additional order and can hardly meet the orders it has got, and yet this is the industry which is singled out for protection.

May I ask the indulgence of the Committee to trouble them with a very few figures dealing with the imports and exports of tyres? I am going to take five years, and I am very glad indeed that the right hon. Gentleman the Member for Colne Valley (Mr. Snowden) is in his place, because reference has already been made to his Budget—that very good Radical Budget of 1924, and I am going to offer a further testimony. In 1922 the exports of British tyres were worth £2,000,000. The total exports, including re-exports, were £2,300,000. The total imports were £4,250,000 or, using an expression which is commonly used, the balance of trade against this country with regard to tyres was very nearly £2,000,000 in value. In 1923, the balance of trade against this country was £1,300,000. Then came the right hon. Gentleman and in 1924, for the full year, the balance of trade was £158,000 in favour of this country.

Mr. SNOWDEN: It only operated for six months of the year in 1925.

Mr. CRAWFORD: The next figure will confirm what the right hon. Gentleman says. The balance of trade in regard to ingoings and outgoings of tyres of all sorts in 1925 was £360,000 and in 1926 was £349,000 in our favour. There is very little doubt if it had not been for the industrial disturbances of last year that balance would have shown an increase on the year before.

Sir H. CROFT: May I ask the hon. Gentleman to give the figures of the imports for 1924 and 1926?

Mr. CRAWFORD: The figures of the imports for 1924, in value, is £3,037,000 and in 1926 £4,849,000. During the same two years the figures for British exports

were £2,730,000 in 1924, and in 1926 £4,525,000—a vastly greater increase, proportionately, than the increase in imports. If there was ever a case for the protection of an industry, it is not in regard to this industry, and I find it very hard to believe that the right hon. Gentleman is really introducing this, at any rate, in his own mind or with his own consent, as a measure of protection.

May I turn for a moment to what the right hon. Gentleman himself said when he made his Financial Statement? After detailing with, let us say, a colourable amount of accuracy, the history of the exemption of tyres from the ordinary run of these duties, the Chancellor of the Exchequer said it was an anomaly that out of all the accessories of motor cars tyres alone should be exempted and he said:

“I propose, aliko in the interests of symmetry and revenue, to rectify this anomaly and to perfect the work of Mr. McKenna and his colleagues.”—[OFFICIAL REPORT, 11th April, 1927; col. 89, Vol. 205.]

Therefore, as far as the Chancellor of the Exchequer is concerned, it is not a question of a protective tax, but a question of a tariff in the interests of revenue and symmetry. I have not the slightest doubt, if the right hon. Gentleman sees fit to reply to this discussion, that he will have some very interesting definitions of symmetry. What he means by symmetry I do not pretend to know. I have never heard of a symmetrical tariff. I have heard of many kinds of taxes, but never of a symmetrical one. When we talk of a revenue tax we do know more what we mean and have some common ground. If this tax was imposed in the interests of revenue, then I submit to the right hon. Gentleman the simple proposition that he should have conformed to the definition of a revenue tax which he himself has offered and defended upon thousands of platforms in this country, namely that a revenue tax should be a tax imposed not only on the foreign article which enters, but should be accompanied by a countervailing excise duty on that which is made at home. If the figures I have produced give a true picture—and, as far as I know, they do—of the state of the tyre industry in this country, it is a monstrous thing that this particular industry should have been singled out to be helped at the expense of the rest of the country.

I am not going to dwell upon this point at any length, but I am going to remind the right hon. Gentleman once more of the pledge with which this Parliament began, that there should be no general attempt to introduce Protection during its lifetime, and, further, I would remind him of the subsequent words of the Prime Minister to the effect that no industry should receive any measure of protection unless by means of the machinery of the Safeguarding of Industries.

Sir H. CROFT: And by analogous measures.

Mr. CRAWFURD: Surely there is nothing analogous to safeguarding in this? Perhaps the hon. and gallant Member remembers the terms of the White Paper which set out the conditions, and there is nothing in the tyre industry which corresponds to those conditions by which alone any industry could even ask for a measure of protection under the safeguarding machinery. Bearing that in mind, it does seem little less than an outrage that this particular article and industry should have been singled out for a Protectionist measure. For these reasons I support the Amendment.

Mr. HILTON: I hope the Committee will bear with me for a few moments because this is a subject which is very near to my heart, both politically and commercially. I have not heard a single argument which would prevent me from supporting this Clause. The argument used is the same old stereotyped argument that we get from the Free Trade benches. I have listened to Free Trade discussions and taken part in them for the last 17 years, and I have not heard anything new. I should like to devote myself not to the general application of Free Trade principles as regards this matter, but to its actual application to the manufacture of tyres. I am sorry that the right hon. Gentleman the Member for Swansea (Mr. Runciman) is not in his place, because he is very keen on shipping. [HON. MEMBERS: "He is here."] It cannot make the slightest possible difference to shipping, because everything that is contained in the tyres is imported in its raw state. The composition of a tyre, speaking from a finan-

cial standpoint, is half cotton and half rubber, both of which are imported from our Colonies or from Egypt or the United States. When that cotton or rubber has been brought to Lancashire, it is for us to make it up. The cotton is spun, and in the spinning we use the finest, strongest and best cottons that are grown in the Sudan and Egypt. To-day we in Lancashire are spinning more than ever, and I take no account of the figures of value given by the hon. Member who last spoke, because in 1921 the price of cotton was twice the price to-day and the figures are very misleading. The number of people employed in Lancashire on spinning cotton into fabric is more than twice as large as it was in 1922.

Mr. CRAWFURD: Without a tariff.

Mr. HILTON: It was the natural growth of engineering and the fact that motor cars are being made every week and that there are over 5,000,000 tyres used per annum. The average weight of cotton in a motor tyre is, approximately, just under 3 lbs. As a general principle, I submit that if we do not buy tyres made at home and thus keep the work at home it will be a foolhardy policy. It is better to keep your work-people working even if you have to pay a penny more, though it is not proved in this instance that you have to pay more. Only last week a large firm—I am not advertising any particular firm—placed an order for 100,000 cotton spinning spindles and 600 looms, and the necessary preliminary machinery to erect a mill in Castleton. That will employ engineers in Lancashire and goods will be made in Castleton, thus employing another thousand Lancashire workmen on this particular job. I may point out, as has already been pointed out, that during the development of the manufacture of tyres in this country many millions of pounds have been lost by foreign competition and by dumping. I was in America in 1919 and I bought a tyre which was very satisfactory, but I came over here and bought the same tyre much more cheaply than I could buy it in America. At that time there was, near here in Middlesex, a company with £2,000,000 capital trying to make this particular tyre. That company no longer exists. There was also in Scot-

[Mr. Hilton.]

land one which went under. I think it is the bounden duty of the Government to make the first consideration not the exact price that the wealthy man has to pay for the tyre, but that our work-people, who can make tyres which are better than any other tyres in the world, should be fully employed at high wages. I think it is the duty of all Members on this side to support this Clause.

Lieut.-Commander BURNLEY: I would like to congratulate the Chancellor of the Exchequer upon having introduced this duty on motor tyres. I pressed him last year to introduce such a duty with an object very different from that mentioned by the hon. Member for West Walthamstow (Mr. Crawford), namely, with the object of getting cheaper tyres in this country. Some arguments put forward by the hon. Member for West Walthamstow suggested that hon. Members in some cases will not take into account quantity so much as value in considering the effects of a duty. Almost the whole criterion, surely, is the actual output in numbers. If the output in numbers could be made greater, the price would naturally tend to become lower. I had a very great confirmation of that only 10 days ago, when I was talking with the president of the largest of the American motor tyre companies, who was over here selecting a factory to put down in this country because of this duty. The figures he gave me were rather startling. In his factory they have turned out 66,000 cases a day, whereas the Dunlop Company, which is by far the biggest manufacturer in this country, is doing under 16,000 cases a day, including all its American business. When you get output on that scale, it is impossible to compete unless you can manufacture in this country on something approaching the scale on which they are manufacturing in America. It was the opinion of the gentleman whom I have mentioned that it would be cheaper for him to manufacture in this country than to transport his tyres over here; that is to say, that he would not alter his price, but that he would be able to produce more cheaply. When it comes to a consideration of duties, if the Government—and I know the Chancellor of the Exchequer is a very lukewarm supporter of any duty from a protective standpoint—would

really consider the kind of article, I believe that if all the articles that could be manufactured by mass production methods were protected, we should not only get the articles cheaper here, but we should also greatly increase our export trade.

Mr. LEES-SMITH: The hon. Member for Bolton (Mr. Hilton), who spoke from personal knowledge of this industry, began by saying that most of the arguments against this duty that he had heard were old, stereotyped, and antiquated. I am afraid that, in spite of the personal knowledge contained in his speech, exactly the same comments could be made upon the arguments that he used. His first argument was that, as a result of this duty, certain new factories were being established in his area, factories which, I think, represented capital coming in from abroad. The same argument was used by the Financial Secretary to the Treasury, that this duty is inducing foreign manufacturers to establish businesses in this country. How stereotyped, how familiar, how stale that argument is, and how often has the answer been given! We do not deny that, if you put a tariff upon some particular industry, you will attract capital into that industry, whether from home or from abroad, but you will do so only by inflicting a greater proportionate injury upon the other industries in the land. You can have no better example of that truth than this particular duty which we are now discussing. It is proposed to impose a duty upon the importation of motor tyres.

The hon. Member for Bolton himself practically told us that, as a matter of fact, this is one of the most prosperous industries in this country, and that in Lancashire the amount of cotton which they were spinning for the fabric of motor tyres was twice as great as it was in 1920. That is the industry which is going to obtain the advantage, but what about the other industries of this country? What about engineering? What about iron and steel? What about cotton? What are those industries asking for? Every time any speech is made on their behalf, those industries tell us that the one thing which this House can do to assist them is to help them to lower their costs of production. They are industries dependant upon export trade,

and they insist that, unless they can reduce their costs of manufacture, and so bring down their prices, they cannot hold their own in the competition with rivals in foreign markets. That is our argument. What is the effect of this duty on those industries?

Sir H. CROFT: None at all.

Mr. LEES-SMITH: Motor tyres are practically a raw material. Directly or indirectly, motor tyres enter into the cost of production of practically every manufactured article in this country. I have worked it out in the case of some cars with which I am familiar, and I remember that the Secretary of the Automobile Association himself, when this duty was proposed, said that the duty upon quite a small horse-power car would amount to £15. What will the duty be upon motor lorries used for business purposes?

Sir H. CROFT: Does the hon. Member suggest that the price of home-made cars has gone up?

Mr. LEES-SMITH: The duty has been imposed only for a few weeks so far, and how can we tell until we have had some time in which to judge the results? The answer to the hon. and gallant Member has been given by the one man in this Committee who speaks from experience, and that is the hon. Member for Bolton. He did not tell us that this was going to reduce the price of motor tyres. He said, "What does it matter if you increase the price of motor tyres by a penny or so? Why should the Government consider the price of motor tyres provided you give employment to the men who are making them? But let us take it on broader grounds. If it be true, as hon. Members argue, that a tariff on these articles is not only going to leave their price the same, but is actually going to reduce it, then why is the Safeguarding of Industries Act opened by the statement that no tariff must be imposed upon any article of food or drink? Why, in case after case, when hon. Members are introducing these Safeguarding Duties in this House, if some portion of the import is specially important, is an exception introduced into the Safeguarding Duty itself saying that that shall have no tariff put upon it?

Sir H. CROFT: Ancient prejudice!

Mr. LEES-SMITH: Take cutlery. When we were discussing that duty, we found a special provision that knives that were necessary for surgical purposes and knives that were part of the material used by other industries, were to be excluded from the duty. If it is going to lower the price of those knives, why not bring them in? As a matter of fact, in the whole of the argument for a tariff which is used by hon. Members opposite, I notice that in every tariff which they draw up they lay it down that the duty shall be imposed upon fully-manufactured articles, and that semi-manufactured articles which enter into the cost of production of articles at a further stage shall be excluded. Why? If the duty is going to lower their price, why not give the whole of British industry the advantage of imposing it on semi-manufactured articles. The fact is that hon. Members themselves do not believe the arguments that they put forward. They try to convince us, and they cannot convince themselves. That, then, is the reason why we assert that it is no argument whatever to tell us that foreign manufacturers are going to set up motor-tyre factories in this country. That will only be done at the expense of the other industries, which are suffering under burdens from which the motor-tyre manufacturers are free.

The result of this duty is very plain. Reference was made by the hon. Member for West Walthamstow (Mr. Crawford) to the recent speech made by the chairman of Dunlop's. They held their annual meeting a month or two ago, and I noticed that the chairman of Dunlop's, a firm which is going to get more advantage from this duty than any other firm in the land, pointed out that, in spite of the industrial difficulties and the general trade depression, he was going, as a result of last year's working, to ask the shareholders of Dunlop's to accept an increase of dividend from 15 to 20 per cent. This duty means that the great export trade of this country, which is staggering under heavy burdens and which needs assistance if any trade needs it, is going to be injured in order to add another five, 10 or 15 per cent. to the dividends of the shareholders in one of the wealthiest corporations in the world.

Major-General Sir JOHN DAVIDSON: The hon. Member for Keighley (Mr. Lees-Smith) mentioned Dunlop's, but he did not tell the whole story, and I think it would have been only fair to mention that there was a reconstruction of the capital of that firm, and that their £1 shares were written down to 6s. 8d. I cannot believe that the hon. Member is really serious when he suggests that a duty on tyres is going to cause an increase in the cost of production of other manufactured articles in this country. It has not done so yet, and I shall be very interested to see whether it does. I think those arguments are futile. I want to congratulate the right hon. Gentleman on bringing in this duty. What I am much more concerned about is that our working people in this country should have a reasonably good wage for a reasonably good day's work, and this duty is producing that result. Hon. Members have said that concerns have set up factories in this country but that they have done so quite irrespective of these duties. I would ask the hon. Member who has just spoken whether he is aware that Pirelli are establishing a factory in Hampshire, and whether they ever had any intention to establish a factory here before these duties were imposed. Obviously, they had not. I represent a division in Hampshire, and I am very glad that they are putting up a factory there, and I hope that it will employ a great many people from my division and neighbouring divisions. I look at the question from the point of view of the prosperity of the men who get work there. In my division there are a great many people who are out of work, and it gives me a great deal of pleasure when I see employment found in these new factories. I congratulate the right hon. Gentleman on bringing forward these duties, and hope he will extend them to many other industries. The safeguarding of industries is the one salvation of this country.

Mr. SNOWDEN: Are we not to have a reply from the Chancellor of the Exchequer?

Mr. CHURCHILL: We have had a very full reply. [HON. MEMBERS: "No!"] There has been a full reply to the Amendment by the Financial Secretary to the

Treasury, and the Debate that has taken place on the Clause itself has been of such a general character, so evenly balanced, so well contested on both sides and so free from any intrusion into any novel sphere, that I hardly thought it was necessary for me to add to the already lengthy toil which the Committee have before them by making a restatement of the reasons which led to the imposing of this duty. I would not have spoken but for the stern attitude adopted by the right hon. Gentleman for Colne Valley (Mr. Snowden) in asking for my intervention. I will first give an answer to the question put by the hon. Member for Walthamstow, West (Mr. Crawford). He asked me whether this duty is intended to be protective. I made it perfectly plain in the speech with which I introduced this matter to the House that there is no protective intention behind the re-imposition of this duty. It is imposed for revenue purposes and it yields a revenue of £700,000. It was also imposed on the ground of dealing with what is a luxury commodity to a very large extent. In this respect, of course, we have the authority of Mr. McKenna, the right hon. Member for Swansea West (Mr. Runciman) and all the leaders of the Liberal party, who proposed this tax as part of the McKenna Duties and only omitted it from the scope of those duties in view of some very special war-time arrangements which were made with manufacturers of tyres in the United States. It is a revenue duty, and it is, to a very considerable extent, a luxury duty. It is true that, incidentally, those who hold the Protectionist theory may derive some satisfaction from the workings of this duty, because it has had the effect of bringing certain foreign firms inside the ambit of the duty, and they have started works in this country and provide much employment, which gives satisfaction to hon. Members in whose constituencies those factories are put up.

Sir H. CROFT: And to the country as a whole.

Mr. CHURCHILL: Yes. In addition, the mass production possibilities which are open to the great manufacturers, Dunlop's in particular, may very likely lead to diminution in the cost of production which will prevent any rise in prices

in particular cases. I understand there has been no increase in prices during the three months the duty has been imposed in regard to the cost of British tyres. Dunlop's tyres, except to the extent of $3\frac{1}{2}$ per cent. of their production—in regard to a particular kind of case, to what I believe are called giant tyres. On $96\frac{3}{4}$ per cent. of the production of Dunlop's there has been no increase in the price, and we are deriving considerable revenue, while certain reactions of a favourable character have already manifested themselves in the labour market. In these circumstances, we are fully justified in completing the original design of the framers of the McKenna Duties, by putting this duty within the scope of the scheme.

It would be unprofitable at this stage to endeavour to extend the area of the argument beyond this particular duty. I have no wish whatever to embark at the present time upon theoretical discussions, but there is one point which I would make. The right hon. Member for Colne Valley, when in 1925 we imposed the McKenna duties, made a striking declaration of his intention, when he had the power, to repeal them at once, as he had done before. Words of this kind spoken by the right hon. Gentleman, with the authority of his party behind him, exercise a certain depressing effect upon the industries which are subject to the McKenna duties. I am informed, on authority which cannot be disputed, that considerable extensions of the Dunlop works would be undertaken but for the apprehension that the duties may, all of a sudden, be removed, without any regard to the merits of the situation, or the prices ruling in the home market, or a general study of the labour market, that suddenly the protection which is afforded to these commodities may be removed as a political manoeuvre, to gain cheap applause from this or that quarter and to cement alliance with another political faction; that for that purpose and with that object the duty may be suddenly swept away and, in consequence, the whole basis of industry be violently deranged.

In view of this cloud of uncertainty which is hanging over the industry, some of the manufacturers, to whom hon. Members have drawn attention, are operating much more slowly than they

would otherwise have done. As I have been called upon by the right hon. Gentleman to intervene in this discussion, I am glad to have the opportunity of appealing to him to remove this uncertainty which hangs over the industry, and not to commit himself, because it may be many years before he is called upon to take the decision, to sweep away these duties, regardless of the interests of those who are concerned in them, employes as well as employers, and regardless also of the success or failure of the duties from the revenue as well as other points of view.

Mr. SNOWDEN: One can understand the reluctance of the right hon. Gentleman to take part in this Debate and that he did not rise until we insisted that we should get some explanation from him. The Financial Secretary to the Treasury has a consistent Protectionist record, but the right hon. Gentleman has a past in this matter, and it must be exceedingly inconvenient for him to swallow all his previous professions. The right hon. Gentleman said that he was glad to have an opportunity of making his observations, but the funereal tone in which his explanations were made were hardly in consonance with the feelings of lightness and enthusiasm which he professed. The right hon. Gentleman says that this is a revenue duty. He admits that it has a Protective effect. He made an appeal to me that if I should ever be in a position to deal with these matters, I should not recklessly undo the work that he has done.

Mr. CHURCHILL: My appeal to the right hon. Gentleman was, not prejudge the decision which will be taken, if and when that situation arises, and not to prejudge it in such a way as to exercise a depressing effect upon the industry.

Mr. SNOWDEN: I do not think, indeed I am quite certain, that anything that is likely to happen as a result of the operation of these duties is likely to demand any very close consideration in regard to them, because there are broad principles involved which would determine our action. The right hon. Gentleman is the last person in the world to advise somebody else not to take precipitate action. He says that if we repealed these duties it would be in order to cement some

[Mr. Snowden.] alliance with another Parliamentary group on whose support we might have to rely. The right hon. Gentleman is the last person in the world to charge others with being actuated by motives which are not backed by conviction. He had not been in office three or four months before he repealed duties which had been imposed six or eight months before. Why did not the right hon. Gentleman then adopt the advice he now gives, and wait and see what was going to be the effect of the repeal of these duties? He did not wait. Why? Because it was necessary for him to bring forth some fruit that would prove to that party upon whose support he now depends that he was prepared to concede to them some part of their protectionist policy. The right hon. Gentleman said that he had had representations made to him of the disastrous effect that might follow if the duty upon motor tyres which he is now imposing were suddenly repealed. I know the source from which he got that information. That same source has made precisely the same suggestions or comments to me. But that same source said to me at the same time: "Ours is an industry that does not need Protection." The right hon. Gentleman says that, although this duty may have a protective effect, his sole purpose in imposing it is revenue—incidentally, that it will give symmetry to the duty upon motor cars.

The right hon. Gentleman is concerned about symmetry. Why cannot he give other taxes symmetry? For instance, we were discussing in an earlier part of the proceedings the duty upon tea. Associated with tea is bread and butter. Why does not the right hon. Gentleman's desire for symmetry induce him to impose for revenue purposes a duty upon corn and a duty upon butter? Why?

Mr. CHURCHILL: Because precise pledges have been given against anything of that kind.

Mr. SNOWDEN: I waited for that retort. There have been precise pledges, too, that there should be no duty of this kind. The right hon. Gentleman the Prime Minister said that there would be no Protection given to any industry except through the machinery of the Safeguarding of Industries, but that procedure has not been adopted in this case, for this reason—that the British motor car industry has not made a case for a duty

under any one of the five heads they would be required to substantiate. We have had a quotation from the speech of the chairman of the Dunlop Company, that they are so busy that they cannot take any more orders. The prosperity of that company during the past several years has been one of the romances of British industry. It is quite true that they got into financial difficulties a few years ago and had to write off two-thirds of their capital, which ought never to have been called. The nominal value of their shares to-day is 6s. 8d., but he did not tell us what was the Stock Exchange quotation of those shares. I see from the Stock Exchange Report that Dunlop shares were very active to-day, and they are standing at 34s. 6d.; that is to say, that the Stock Exchange quotation is five times more than the actual paid-up capital, and yet this is an industry which is getting Protection from this Government. What has the Prime Minister to say about it? What has he got to say about the Chancellor of the Exchequer imposing through a back-door—

Mr. CHURCHILL: The Budget is not a back-door. It is very much a front door.

Mr. SNOWDEN: It is by a back-door procedure, simply under the pretext of imposing a revenue duty. What has the Prime Minister to say about a proceeding like that? Is not that a violation of the right hon. Gentleman's pledges? Undoubtedly, the Chancellor of the Exchequer may say what he likes about this being a tax imposed for revenue purposes. Every speech that has been made by Members on that side of the House in the course of the Debate has welcomed this proposal as an instalment of Protection, and only, mark you, as an instalment. Practically every speech has finished with a peroration to this effect, that they hope this is only an earnest of more things that are going to come.

The CHAIRMAN: I must ask the right hon. Gentleman to come to his peroration, because he is getting on ground beyond tyres. I have had to stop perorations before.

Mr. SNOWDEN: I have no recollection of you pulling up any of the hon. Members.

The CHAIRMAN: They sat down too quickly.

Mr. SNOWDEN: There has been one point that has been raised by almost every speaker, and that is as to the effect the imposition of this duty will have upon the price of the manufactured article. Our Tariff Reform pundits have said that the effect will not be to cause an increase in the price with one single exception. The hon. Member for Bolton (Mr. Hilton) said it did not matter if the price were increased. Is it the confession, not merely in regard to this particular case, but it is the confession of Protectionists in this House that a duty upon the imported commodity does not increase the price of the corresponding home article? May I state in a word or two what our view of that matter is?

"The object of protection is to encourage home industries. The means by which you attain that object is that you so arrange import duties that the prices obtained in those industries are increased. If industries are encouraged it is by raising prices."

That, in a nutshell, is Protection properly understood. [HON. MEMBERS: "No!"] Then hon. Members repudiate the greatest of living Tory statesmen, for that is a quotation from a speech by Lord Balfour. But I will call to my support the right hon. Gentleman himself. He said this afternoon, when he had to defend this duty, that an import duty did not necessarily and always raise the price of the corresponding article at home. When one of my hon. Friends said, "You are passing it on to the consumer," the right hon. Gentleman said last year—I admit it was in reply to an interjection, and perhaps he did not give the matter sufficient thought and care, but, at any rate, when a man is thrown off his guard, the truth generally comes out—said, "Show me any tax where the consumer does not pay, and where the tax is not passed on to the consumer." That is the answer of the Chancellor of the Exchequer to his present Tariff Reform companions, and it shows that the right hon. Gentleman after all, although he may on occasion be content to give lip-service to Protection, may be compelled—of course, the right hon. Gentleman has on every occasion when he has proposed some protective Clause shown his contempt for it, and his contempt for the arguments that have been put forward by Members of his own party.

Mr. CHURCHILL: I have no contempt for £700,000.

Mr. SNOWDEN: He shows contempt for the protective effect of this proposal, and he has got a contempt for the arguments by which it is supported by members of his own party. Of course, this will pass, and I repeat what I said when the right hon. Gentleman proposed to reimpose the McKenna Duties. He is getting the finances of this country into such a desperate condition that his successor will be in a very difficult position indeed. It may not be possible in one Session of Parliament, and in the first Budget, to undo the mischief that the right hon. Gentleman is doing over a period of three or four years.

Mr. CHURCHILL: Hear, hear!

Mr. SNOWDEN: "Hear hear," the right hon. Gentleman says. That is part of the policy of this Government, not only in regard to this matter but in regard to many other matters. They are creating a situation in which any labour Government which succeeds will have to spend perhaps one or two Sessions of Parliament in undoing the mischief that this Government has done.

Sir F. HALL: You will not have the trouble.

Mr. SNOWDEN: Therefore, they think that during these one or two Sessions we shall be prevented from coming out with some of the bigger and more far-reaching reforms—

The CHAIRMAN: That is not relevant to this discussion.

Mr. SNOWDEN: I think it is relevant in this respect, that this is one of the difficulties they are putting in the way of the next Labour Government. The Chancellor of the Tory party may rely upon it, that at the first possible practical opportunity this duty and other protective duties the Government are proposing will be repealed.

Question put, "That the Clause stand part of the Bill."

The Committee proceeded to a division.

Miss WILKINSON: On a point of Order, Mr. Chairman. Can you explain to the Committee what we are proposing to do? Are we engaged in a Division?

The CHAIRMAN: The hon. Member The Committee divided: Ayes, 236;
may only speak covered when a Division Noes, 119.
has been called.

Division No. 219.]

AYES.

[8.0 p.m.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T
 Alberty, Irving James
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atkinson, C.
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Bainiel, Lord
 Banks, Reginald Mitchell
 Barnett, Major Sir Richard
 Barnston, Major Sir Harry
 Beamish, Rear-Admiral T. P. H.
 Bellairs, Commander Carlyn W.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Berry, Sir George
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Captain G. E. W.
 Briscoe, Richard George
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Buchan, John
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burney, Lieut.-Com. Charles D.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Campbell, E. T.
 Cassels, J. D.
 Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)
 Cazale, Captain Victor A.
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Chilcott, Sir Warden
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Colfox, Major Wm. Phillips
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Craig, Sir Ernest (Chester, Crewe)
 Croft, Brigadier-General Sir H.
 Croke, J. Smedley (Deritend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Dalkeith, Earl of
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Sir Thomas (Cirencester)
 Davies, Dr. Vernon
 Dawson, Sir Phillip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Elliot, Major Walter E.
 Ellis, R. G.
 Erskine, Lord (Somerset, Weston-s.-M.)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadle, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Gower, Sir Robert
 Grace, John
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Grotian, H. Brent
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Holbrook, Sir Arthur Richard
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Huntingfield, Lord
 Hurst, Gerald B.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Llithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir Robert J.
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Mason, Lieut.-Col. Glyn K.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Pennefather, Sir John
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Pilcher, G.
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Popner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aber'd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Streetfield, Captain S. R.
 Stuart, Crichton-, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Templeton, W. P.
 Thompson, Luke (Sunderland)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinné, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Wholer, Major Sir Granville C. H.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)

Windsor-Clive, Lieut.-Colonel George
Winterton, Rt. Hon. Earl
Wise, Sir Fredric
Withers, John James

Womersley, W. J.
Wood, Sir Kingsley (Woolwich, W.)
Worthington-Evans, Rt. Hon. Sir L.
Yerburgh, Major Robert D. T.

TELLERS FOR THE AYES.—
Mr. F. C. Thomson and Captain
Margesson.

NOES.

Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, J. (Wolverhampton, Bliston)
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Brant, Frank
Broad, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Charleton, H. C.
Clowes, S.
Cluse, W. S.
Clynes, Rt. Hon. John R.
Connolly, M.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Day, Colonel Harry
Dennison, R.
Dunnico, H.
Edwards, C. (Monmouth, Bedwelty)
Fenby, T. D.
Gardner, J. P.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W.R., Normanton)
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Hardie, George D.
Harris, Percy A.
Hayday, Arthur
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Bellisha, Leslie
Hudson, J. H. (Huddersfield)
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
Mackinder, W.
MacLaren, Andrew
Maclean, Nell (Glasgow, Govan)
March, S.
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Mosley, Oswald
Murnin, H.
Pain, John Henry
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Riley, Ben
Ritson, J.
Roberts, Rt. Hon. F.O. (W. Bromwich)
Robinson, W. C. (Yorks, W.R., Elland)

Rose, Frank H.
Scrymgeour, E.
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Smillie, Robert
Smith, Ben (Bermondsey, Rotherhithe)
Smith, Rennie (Penistone)
Snell, Harry
Snowden, Rt. Hon. Phillip
Spencer, G. A. (Brompton)
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart, J. (St. Rollox)
Strauss, E. A.
Sullivan, J.
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Townend, A. E.
Varley, Frank B.
Viant, S. P.
Wallhead, Richard C.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Welsh, J. C.
Wiggins, William Martin
Wilkinson, Ellen C.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, E.)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Wright, W.
Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
Mr. Whiteley and Mr. Hayes.

CLAUSE 4.—(Amendment with respect to
duty on cinematograph films.)

Motion made, and Question put, "That
the Clause stand part of the Bill."

The Committee divided: Ayes, 224;
Noes, 120.

Division No. 220.]

AYES.

[8.9 p.m.]

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Alexander, E. E. (Leyton)
Alexander, Sir Wm. (Glasgow, Cent'l)
Amery, Rt. Hon. Leopold C. M. S.
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Atkinson, C.
Balfour, George (Hampstead)
Bainiel, Lord
Banks, Reginald Mitchell
Barnett, Major Sir Richard
Beamish, Rear-Admiral T. P. H.
Bellairs, Commander Carlyon W.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Birchall, Major J. Dearman
Blundell, F. N.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowyer, Captain G. E. W.
Brass, Captain W.
Briscoe, Richard George
Brooklebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Broun-Lindsay, Major H.
Buchan, John
Bull, Rt. Hon. Sir William James
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Cassels, J. D.
Cayzer, Maj. Sir Herbt. R. (Prtsmth. S.)
Chadwick, Sir Robert Burton
Chapman, Sir S.
Chilcott, Sir Warden
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clayton, G. C.
Cobb, Sir Cyril
Colfox, Major Wm. Phillips

Cooper, A. Duff
Cope, Major William
Couper, J. B.
Courthope, Colonel Sir G. L.
Croft, Brigadier-General Sir H.
Crooke, J. Smedley (Deritend)
Crookshank, Cpt. R. (Lindsey, Gainsbro)
Dalketh, Earl of
Davidson, Major-General Sir John H.
Davies, Sir Thomas (Clarence) (Clarence)
Davies, Dr. Vernon
Dawson, Sir Philip
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Drewe, C.
Eden, Captain Anthony
Edmondson, Major A. J.
Elliot, Major Walter E.
Ellis, R. G.
Erskine, Lord (Somerset, Weston-s.-M.)
Everard, W. Lindsay
Fairfax, Captain J. G.
Finburgh, S.
Ford, Sir P. J.

Forestier-Walker, Sir L.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Gower, Sir Robert
 Grace, John
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'th's'w, E)
 Grenfell, Edward C. (City of London)
 Grotian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Col. Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Walter
 Hilton, Cecil
 Holbrook, Sir Arthur Richard
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whit'eh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aymer
 Huntingfield, Lord
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)

Kindersley, Major G. M.
 King, Commodore Henry Douglas
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Colonel Glyn K.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw.
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Pennefather, Sir John
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Pilcher, G.
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rawson, Sir Cooper
 Rees, Sir Beddoe
 Reid, D. D. (County Down)
 Remer, J. R.
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)

Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Streatfield, Captain S. R.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Willfrid
 Templeton, W. P.
 Thompson, Luke (Sunderland)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, Sir Kingsley (Woolwich W.)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburch, Major Robert D. T.

TELLERS FOR THE AYES.—
 Mr. F. C. Thomson and Major Sir
 Harry Barnston.

NOES.

Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Briant, Frank
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Buxton, Rt. Hon. Noel
 Charleton, H. C.
 Clowes, S.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Day, Colonel Harry
 Dennison, R.
 Dunnico, H.
 Edwards, C. (Monmouth, Bedwellty)
 Fenby, T. D.
 Gardner, J. P.

Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Graham, Rt. Hon. Wm. (Edin., Cent.)
 Grenfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.
 Hayday, Arthur
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hore-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Hutchison, Sir Robert (Montrose)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.

Kennedy, T.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Lunn, William
 Mackinder, W.
 MacLaren, Andrew
 Maclean, Nell (Glasgow, Govan)
 March, S.
 Morris, R. H.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Palin, John Henry
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W.R., Eiland)
 Rose, Frank H.
 Scrymgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Shells, Dr. Drummond

Short, Alfred (Wednesbury)
 Smillie, Robert
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spencer, G. A. (Broxtow)
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.

Sullivan, Joseph
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Welsh, J. C.
 Whiteley, W.
 Wiggins, William Martin

Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
 Mr. B. Smith and Mr. Hayes.

CLAUSE 5.—(*Increased duties on wines.*)

The **DEPUTY-CHAIRMAN** (Captain FitzRoy): The Amendments on the Paper will increase the charge and are therefore not in Order.

Motion made, and Question proposed,
 "That the Clause stand part of the Bill."

Mr. PETHICK-LAWRENCE: The main object of this Clause is to increase the duty upon wines. We on this side do not propose to controvert the main object of the Clause, but in addition to the general increase in tax it also perpetuates and extends the principle of Imperial Preference by making a special allowance on Empire wines, and it is in regard to that aspect of it that some of us desire to say a word. This Imperial Preference dates from the time of Mr. Joseph Chamberlain, who proposed to establish an Imperial Zollverein and this preference on wine is in fact part of that original scheme. It was pointed out from the beginning that there were two great objections to an Imperial Zollverein. In the first place the Dominions were not prepared to open their ports to us, and in the second place it was realised by many people that it was not desirable to try to cement the ties of blood relationship by business bargains. From that point of view, in our opinion these taxes are objectionable and we consider firstly that the ties that bind us to the Dominions are sentimental ties, and in the second place so far as the Dominions benefit us through the preference they concede, and we quite acknowledge that they do, the right method by which we can reciprocate is not by altering our fiscal system but by giving the Dominions various advantages which are natural to our method of conducting our trade and industry and our general life. We consider that the best reciprocal action we can take is to continue the defence of the shores of the Dominions and continue the very valuable assistance we give them

through allowing them to float their loans with special advantages in our markets.

These duties on wines, spirits and liquors are primarily revenue taxes, and it stands to reason that any suggestion that part of the Wine Duty should be remitted in the case of wines coming from the Dominions, must be in itself a loss to our revenue. The consumer pays the additional tax. The revenue does not reap the whole of the benefit but a part that the consumer pays goes to the Colonial producer. It is open to the Chancellor to argue that though there is this loophole by which the revenue does not get the whole of what the consumer pays, nevertheless it is worth while because going, as it does, to the Colonial producer, we get a *quid pro quo* in the preference that is given to us. I have already attempted to show that there are other forms of *quid pro quo* that we might give more suited to our system than this preference that we are asked to extend in this Clause, but in addition to that I want to stress the point that there is some doubt at present whether the various Dominions, and particularly Australia, which this wine preference is largely intended to benefit, are prepared to give us a *quid pro quo* in the actual form of preference in that country. It is true that, from the beginning, Australia and other parts of the British Empire have frankly stated that they were Protectionist. They have frankly said, "We are not going to admit your wares free of duty but it is our permanent policy to impose a certain amount of duty in order to make good the high conditions of labour and the other high costs that we have in our country." There is a certain amount that can be said for that moderate Protectionist policy.

But in Australia there is a move to-day to do a great deal more than that. In particular in the case of hosiery an attempt is being made to impose duties which are not by any means of that reasonable protective kind. They amount

[Mr. Pethick-Lawrence.]

to 50 or 60, 70 and sometimes over 100 per cent. of the cost in this country. In hosiery the Australians, by these new forms of taxation, by charging in addition to an *ad valorem* duty a duty of 1s. on cotton goods and half a crown on woollen and silk goods per individual garment in the case of knitted underwear, are taking action of a prohibitive character against British trade. The point we want to put to the Chancellor of the Exchequer is this. If, throwing over what we believe the sound methods of relationship between the home country and the Dominions, we are going to have this bargaining system of Preference, setting the preference that we give them against the preference that they give to our goods, are you assured that you are getting a good bargain? We do not like the matter of bargaining between blood relations. We think it is an unsound and unsatisfactory principle. But if you are going to bargain, at least we demand that your bargain should be a good one, and when we find that in the Dominions, particularly Australia, such examples of a high tariff against this country, with a small Preference it is true against other countries, but so large a tariff as to be in fact a prohibition against goods coming from this country, we say to the Chancellor, "Is it not time you discussed these things with the Dominions on the ground that unless they can meet us we ought not further to extend our Preference to them," and it is for that reason that I have raised this point on this Clause.

Mr. CHURCHILL: The hon. Gentleman deprecated a bargain or agreement of this kind between the Mother Country and the Dominions, and spoke of the difficulties which arise when such bargains take place. We have never bargained about our preference. There is only a very limited field, in accordance with the pledges which have been given, in which preferences can be afforded. We offered, voluntarily, to the Imperial Conference in 1917 to give preference to the Dominions on all commodities in respect of which duties were imposed or might hereinafter be imposed by the British Parliament for its own purposes. We made a promise that we would give that preference to the Dominions, but our list is a very small one compared with the whole

volume of trade. We made that promise and undertaking, not as a matter of bargaining but out of the sincere gratitude and affection which we felt towards those Dominions who at that moment had sent armies thousands of miles across the sea to fight in the line in France and elsewhere. We are proud to carry on that policy, which, imposed and sanctioned by Parliament, automatically gives these preferences, making no bargain and seeking for no return. On the other side, there is a great desire to develop their own industries and manufacturers under protective tariffs, but, apart from that, there is a great desire to buy as much produce as possible from Great Britain.

Although it is true that the duties are so high in some cases in Australia as to be very nearly prohibitive on certain articles, yet, over the whole range of the Australian tariff, very considerable preferences are afforded to British goods, with the result that by far and away the best customer of this country is the British subject resident in Australia. There is no individual who takes so largely from us of our goods as the Australian, and, therefore, I think, it is very much better that we should occupy ourselves in counting up the advantages rather than in trying to balance one side of the case against the other. We should do the best we can for each other according to our various systems.

There is no doubt that the concession given on these Wine Duties have been gratefully received in Australia. It has undoubtedly brought assistance to the Australian wine cultivator, a proportion of whom, at any rate, are ex-service men. I was very glad indeed to take a step this year, following on the one we took in 1925. It has had the effect of encouraging the consumption of Australian wines in this country. This has been shown by a notable increase. Apparently, these wines are extremely popular, and a new taste is being cultivated among the public. The consumption of these wines is very considerable and affects the revenue in this respect, and is an integral part of the general policy which we have been pursuing and to which we have set ourselves ever since 1917. It is far better that this policy should be developed, not on the basis of bargaining and hard and fast agreements. Preferences which are given as the result of commercial treaties

—as it were, hard and fast agreements—are what I have always called locked bargains. If by any chance there was any reversal of policy at the termination of Parliament to take off the duties by which these preferences were granted—if these preferences were part of a hard and fast bargain—very serious tension might arise. Whereas, if they are given freely on both sides—both doing the best they can for each other—there can be no question of the hands of Parliament being tied in any way, and, at the same time, the currents of inter-Imperial trade flow more steadily in the right direction and that good will on which we must continually rely in our Empire receives a certain fostering assistance.

Mr. MORRIS: The right hon. Gentleman says that the preferences given are not the result of any bargaining between the Mother Country and the Dominions, and that may very well be true. But if this preference be given, as he says, in order to mark the appreciation on the part of the Mother Country of the services rendered by the Dominions during the War, then it becomes highly important that that mark of appreciation is given in such a way that if any later Government by its action reverses the policy of the right hon. Gentleman—and some parties would certainly be pledged to do so—it is not interpreted by the Dominions as meaning that that appreciation no longer exists. This might be the cause of bitter feeling on the part of the Dominions, who might, on their part, charge the Mother Country with a breach of faith. Surely, the Mother Country ought not to express its appreciation by a policy which is not adhered to by other parties of the State. This is a very false policy. It may very well be that these duties may have to be maintained in order to maintain this bond of affection. It is a fallacy of the preference case altogether, that in order to maintain the preference you have to maintain the preference duties. I confess I fall between two allegiances as far as these particular duties are concerned. I have no objection to any duties that increase the price of wines and spirits. If they have the effect of doing so, I have no objection to that result. On the other hand, it is bound to have the effect later on, not of facilitating that good will between the Mother Country but of increasing—if later on another

party came into power and there was a reversal of this particular policy—the difficulty. For this reason, I am opposed to the proposal, and regret that these duties have been imposed to give this advantage to the Dominions.

Mr. SCRYMGEOUR: I was wondering, when the right hon. Gentleman referred to the popularity of the importation of Australian wines, whether he had reflected on the other side of the “popularity” picture. I read in the evening papers to-night that a baronet received six months’ imprisonment, and that the Judge told him that if he went in for any more of this drinking he might be rendering himself liable for murder. That raises the question to which the hon. Member for Cardigan (Mr. Morris) referred. It is frequently put forward by those who represent the temperance aspect of this question, that they do not object to the imposition of these increased duties on wines if they mean an increased price of the article. I do not follow that line of reasoning at all. If there is anything in the case presented from temperance platforms against the use of intoxicating liquors it means that their production and importation involve national disaster. To talk of binding our Imperial interests together by an agency which necessarily involves national disaster is preposterous, especially from the point of view of the Conservative party, which should be out for the conservation of the best interests of the people. Any revenue which you exact from this prolific source of revenue, no matter what amount comes to the national Exchequer, is, in my opinion, a dead loss in the highest sense of the term.

This trade or industry is one of the mightiest financial powers in the Conservative party. It has the Conservative party tightly in its grip. They will have to break that grip, and other political parties will have to break that grip. Many men who have stood at that Box as Chancellors of the Exchequer have declared that it would be comparatively easy to find all the requisite revenue which might be involved by giving up the revenue which is now derived from intoxicating liquor. Such a policy would give a tremendous impetus to the country at large; it would be one of the most substantial contributions that could

[Mr. Scrymgeour.]

be made to the present industrial depression and to the provision of more employment. A bottle of wine is broken on a ship when she is launched. It is used at various times in our everyday life. It is used at the marriage ceremony, and it may be used at the funeral ceremony. Almost inevitably disaster follows in its train. How can any man, speaking with any sense of deep-seated moral responsibility, talk in the way the right hon. Gentleman has about the increasing popularity of an insidious agency which cannot be introduced into the House of Commons without a licence, or into the House or Lords, or into the Lord's House, without involving that trouble which is laid down explicitly by the declaration:

"Wine is a mocker, strong drink is raging; and whosoever is deceived thereby is not wise."

Mr. VARLEY: I am not animated by the scruples which trouble the hon. Member for Dundee (Mr. Scrymgeour); mine is a purely business point. The Chancellor of the Exchequer is taking a narrow survey. He talks with that benign magnanimity which characterised his utterances for a continuation of this preference, but he leaves out of account altogether any question of reciprocity. The hon. Member for Leicester West (Mr. Pethick-Lawrence) said something about the origin of preference. I am not sufficiently *au fait* with the beginnings of preference, but I have always understood, looking at it from the British point of view, that there was something unwritten whereby we had a right to expect reciprocity. We have been told that we are getting a *quid pro quo* for anything we do, but if the Chancellor of the Exchequer happened to come from the particular district that I do, in which a considerable body of trade is threatened by the action of the Dominions, he would probably consider in any continuation of the policy of Imperial Preference some steps whereby he could bring to the notice of the Dominions the serious effect of their policy upon the idea of Empire. I understand that the Amendment is not to be pushed to a Division, but I hope, as a result of the few words that have been said to-night, that we shall be able to bring to the notice of the Dominion Parliaments the consideration that as Imperial Preference is not founded on

a business bargain it cannot be indefinitely continued if we are to expect a continuation of the policy which animates them.

Mr. WILLIAM GRAHAM: My hon. Friend the Member for Leicester West (Mr. Pethick Lawrence) who moved the Amendment, indicated that we did not intend to press it to a Division, but he pointed out one or two considerations which should be kept in view in discussing this matter of preference. I should not have said a single word at all in this Debate but for the line of argument which was, as I think, unfortunately adopted by the Chancellor of the Exchequer. The right hon. Gentleman indicated quite clearly that there would be some ingratitude, in the light of the sacrifices made by the Dominions and Colonies during the War, unless this particular policy was pursued and maintained. The hon. Member for Cardigan (Mr. Morris) in reply to that said that if any party later in the day in this country, for perfectly sound reasons, wanted to go back on this policy, that the argument regarding war-time gratitude would be reviewed. It is important that we should have on record exactly what we think of a matter of this kind. No one on this side of the House would for a single moment minimise the sacrifices made by any section of the people, wherever they were found, during the War. While we paid the highest tribute to them, it is just as important to make it clear that, in our judgment, if this policy is to be defended at all, it must be on a strictly economic basis. I do not mean in a narrow or niggardly way at all, but on an economic basis which contains a considerable element of generosity to the Dominions and Colonies.

We on this side are, broadly and generally, opposed to tariffism in any shape or form, and, speaking for myself, I am rather inclined to favour Preference as against tariffs, because Preference involves a modification of the tariff system. It involves a reduction of the duties on certain classes of articles, and on that ground it may be defended. But by far the better way in which to state this case from the point of view of the Colonies and Dominions is, in the first place, to relate it to an effort to cultivate what we should call the economic field within the Empire; a problem which

excites less division of opinion to-day in this House than at any time in our experience. In the second place, to relate this policy to what is being attempted by the Imperial Economic Committee, and particularly at the present time by the Empire Marketing Board. That is a very much better basis for a proposition of this description, and, accordingly, I regret that the Chancellor of the Exchequer brought in the argument relating to war-time conditions, with all their hectic and artificial influences, and sought to lay that down as some kind of permanent basis for this proposition. It can never be anything of the kind, and while we on this side of the Committee are not without sympathy, and will not fail in gratitude for the sacrifices made by the Dominions, do not let us land ourselves into a form of false argument upon what is a very simple and plain economic proposition. I think it is our duty to have that on record to-night for the purposes of any Debate which may emerge in the House of Commons when, in the near future, another Government, presumably of our persuasion, is on the other side of the Table.

Mr. McNEILL: I wish to add a very few words to those which have fallen from the right hon. Gentleman opposite. He thought it was necessary to record the opinion of himself and his friends that there should be no element in this preference system of gratitude. [HON. MEMBERS: "No!"] I understood him to say that it should rest entirely on an economic basis, altogether apart from what we may call the emotional basis. He blamed my right hon. Friend the Chancellor of the Exchequer for having introduced that element in defence of the system. The party opposite have already given as clear notice as is possible to give, that if they get an opportunity they intend to do away with the system of preference which we stabilised last year. Therefore, it was hardly necessary for the right hon. Gentleman to add to the warning already given. I entirely agree with him that the main basis upon which a system of preference should rest is purely an economic one and, as he knows very well, the party to which I belong, many years before the War, advocated a system of preference or rather of reciprocity to the preference which had

already been given by the Dominions and Colonies, on a purely economic basis. We hold very strongly that, apart from any sentimental reasons, a system of preference is calculated better than any other policy we can pursue to develop inter-Imperial trade, especially having regard to the fact which is so often insisted upon that infinitely the best markets for this country in proportion to population are already the Dominions and that the prospects which they hold out are infinitely greater and more favourable to British trade than those of any other form of overseas trade.

Therefore, we can accept the idea that the economic basis is the more important one, but we altogether decline to exclude the other. I did not hear my right hon. Friend's statement on the matter—I was not here at the moment—but I take it from the right hon. Gentleman opposite that my right hon. Friend defended the policy which we are pursuing on the ground of the great services rendered to the Empire by the Dominions. These, he thought, called for some acknowledgment in this respect as in others. I entirely endorse that view in addition to the economic view. It is true that the Dominions for many years past have been giving us a preference for which they have got no reciprocity, and I think, apart from all other views, that the great services which they rendered call for some acknowledgment and, even if it had been necessary, for some sacrifice on our part to meet them in this respect. I am glad that my right hon. Friend the Chancellor of the Exchequer has put upon record that we accept that point of view and that we intend to make the preference system a stable one as far as we can do so. If the right hon. Gentleman opposite thinks that the warning he has given will commend him and his party to Dominion opinion—I do not know whether he attaches much importance to it or not—I think he is very much mistaken. What he has said, dissociating himself entirely from the point of view of my right hon. Friend, is not, I think, likely to endear his party to opinion in the Dominions or other parts of the Empire.

Mr. W. GRAHAM: I am sorry to intervene again, but I cannot leave the

[Mr. W. Graham.]

Debate on the note on which the Financial Secretary to the Treasury has concluded his speech. I think I made it perfectly plain that we on this side had the very warmest admiration for the sacrifice made by the Dominions and Colonies and we shall continue to have that admiration but I went on to develop a point, which, apparently, the right hon. Gentleman himself accepts, namely, that we must rest this matter very largely upon an economic basis because here you are dealing, not with a mere few lines in an Act of Parliament, but with proposals which have a profound influence upon business operations in this country. May I say just a word or two in reply to the right hon. Gentleman on the mere point of our recognition of War-time sacrifices by other parts of the Empire. Even if there were no question of preference at all, we make many contributions in other directions and, not least, as the right hon. Gentleman must know, in the sphere of finance. In point of fact the market in this country has within recent times done a great deal for overseas Empire finance and I could go on to cite many other cases in which the people of this country are making contributions. I am not saying very much about it. They are doing it, partly as a duty and partly because they desire to do it. I must however correct at once the impression which would be left by the last few sentences of the right hon. Gentleman's speech. They do not, as I am sure he will agree on reflection, accurately represent our view on this side of the House and I must put that fact beyond the shadow of a doubt.

Miss WILKINSON: We on this side of the House are accustomed to the methods of Debate employed by the Chancellor of the Exchequer, who has left his colleague to "carry on." No one sticks harder to the hard economic facts than the Chancellor of the Exchequer, when he has those facts on his side, and no one is more capable of throwing in a peroration, or some kind of sentimental appeal, with his tongue in his cheek, and then leaving the matter for other people to criticise when he has gone, than is the right hon. Gentleman the Member for Epping (Mr. Churchill). I, therefore, suggest that the Chancellor of the Exchequer knew perfectly well when he made that statement, that this prefer-

ence which we are giving to the Dominions is no mere generous gesture made because of the deaths of the Dominion and Colonial soldiers in the War. No one knows better than he that it was not so. I am sure he would not insult our Dominions by suggesting that such magnificent sacrifices as were made by these lads who fought at Anzac and Gallipoli, were to be met by some pettifogging duty on wines. They are dead, and they died for an ideal. Are we going to suggest that a pettifogging thing like this, in which neither they nor their families are concerned, which is obviously a bargain, intended as a bargain and never anything else but a market bargain, between two sets of hard-fisted capitalists, is going to be in any sense the reward or recompense for what those boys did during the War? The Chancellor of the Exchequer insults the intelligence of the House of Commons if he imagines that that is the sort of thing we are going to do.

We know, as everybody knows who has followed the discussions at the Imperial Conference or met any of the delegates, that the economic discussions there are as much a question of bargaining as any other kind of market bargaining. In this case, as has always happened in the relations of this country with the Dominions or in our foreign policy, it is not our industrialists but our financiers who are in control. The people who wish to make the London market a favourable venue for floating loans to the Dominions are prepared to sacrifice any of our industrial interests in order to keep the London market as the favourable market for the flotation of Dominion loans. That is exactly what has happened with regard to this preference on wines. Certain of our industries are in very low water indeed. Formerly they had large markets in the Dominions and Colonies, but those markets are now practically closed by prohibitive tariffs. The hon. Member for West Leicester (Mr. Pethick Lawrence) and the hon. Member for Mansfield (Mr. Varley) represent districts where two of those industries are carried on. The hosiery industry in particular is affected. The Australian tariff, particularly that against every kind of ladies' garment and every kind of knitted fabric, has practically closed

that market to this country. It matters nothing that a slight preference is given to us as against America, for example. Compared with the high tariff, the preference is so slight as to mean nothing in practice. The Australian market is practically closed to those goods, except the very highest qualities of them, and the very finest counts, which cannot be manufactured in Australia. Australians with money are prepared to pay the duty in order to have the finest qualities of English goods—though the French compete with us there—but on the cheaper classes of goods, which give the largest amount of employment, especially to women workers, the tariff is prohibitive.

If there was anything in this coming together of the Dominions and ourselves, this question of the extraordinarily high tariff against Hosiery might be brought up at one of those love talks. The right hon. Gentleman the Financial Secretary says we have to look forward to the future, to a time when we shall get this new, warm homely feeling between the Dominions and ourselves—that if we leave it all to their good will, and say nothing about it, that as a result of these preferences a homely feeling will grow up which will bring about a lessening of these tariffs.

Mr. McNEILL: I did not say anything of the sort, though I have not the least objection to the hon. Lady crediting me with those sentiments.

Miss WILKINSON: I beg the right hon. Gentleman's pardon. I was not quoting his exact words. What I meant to imply was that that was the line of the right hon. Gentleman's argument—that, looking to the future, we could feel certain that as the result of these preferences trade between the Dominions and ourselves would be increasing. So far as our experience goes, the exact opposite is happening. The Australians are developing their industries and raising tariffs, and are becoming more and more concerned to keep out as far as possible the imports from this country and other countries which compete with their own infant industries. Therefore, if the right hon. Gentleman is keenly interested in providing employment in this country, is keenly interested in the workers of this country who, after all, put his Government into office, he would do a very good stroke of business for them if he would make it very clear, when next this question comes up for discussion, that if there are going to be preferences—I do not care for these preferences at all—there should be a *quid pro quo* in the shape of a reduction of the very high tariffs of the Dominions.

Question put, "That the Clause stand part of the Bill."

The Committee divided: Ayes, 230; Noes, 111.

[Division No. 221.]

AYES.

[9.1 p.m.]

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Alexander, Sir Wm. (Glasgow, Cent'l)
Amery, Rt. Hon. Leopold C. M. S.
Applin, Colonel R. V. K.
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W
Astbury, Lieut.-Commander F. W
Atholl, Duchess of
Atkinson, C.
Balfour, George (Hampstead)
Bainiel, Lord
Barnett, Major Sir Richard
Beamish, Rear-Admiral T. P. H.
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Birchall, Major J. Dearman
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowyer, Capt. G. E. W.
Brass, Captain W.
Briscoe, Richard George
Brooklebank, C. E. R.
Brooke, Brigadier-General C. R. I
Broun-Lindsay, Major H.

Buchan, John
Bull, Rt. Hon. Sir William James
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Cassels, J. D.
Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)
Chadwick, Sir Robert Burton
Chapman, Sir S.
Chilcott, Sir Warden
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.
Cobb, Sir Cyril
Colfox, Major Wm. Phillips
Cooper, A. Duff
Cope, Major William
Couper, J. B.
Courthope, Colonel Sir G. L.
Croft, Brigadier-General Sir H.
Crooke, J. Smedley (Deritend)
Crookshank, Cpt. H. (Lindsey, Gainsbro)

Cunliffe, Sir Herbert
Dalkeith, Earl of
Davidson, Major-General Sir J. H.
Davies, Sir Thomas (Clarence) (Cirencester)
Davies, Dr. Vernon
Dawson, Sir Phillip
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Drewe, C.
Eden, Captain Anthony
Edmondson, Major A. J.
Ellis, R. G.
Elveden, Viscount
England, Colonel A.
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Fairfax, Captain J. G.
Falle, Sir Bertram G.
Finburgh, S.
Ford, Sir P. J.
Forestier-Walker, Sir L.
Forrest, W.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gadlie, Lieut.-Col. Anthony
Ganzoni, Sir John
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton

Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Gower, Sir Robert
 Grace, John
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'ith's'w, E)
 Grenfell, Edward C. (City of London)
 Grotian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Gunston, Captain D. W.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Hanbury, C.
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Lt.-Col. Sir V. L. (Booth)
 Heneage, Lieut.-Col. Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aymer
 Huntingfield, Lord
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 Kindersley, Major G. M.
 King, Commodore Henry Douglas
 Knox, Sir Alfred
 Lamb, J. O.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Long, Major Eric
 Looker, Herbert William

Lougher, Lewis
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Pennefather, Sir John
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Pilcher, G.
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rawson, Sir Cooper
 Rees, Sir Beddoe
 Reid, D. D. (County Down)
 Remer, J. R.
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Robinson, Sir T. (Lancs., Stretford)
 Ropner, Major L.
 Russell, Alexander West- (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)

Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D
 Savery, S. S.
 Shaw, R. G. (Yerks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Spott, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Streetfield, Captain S. R.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Templeton, W. P.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. G. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, Sir Kingsley (Woolwich, W.)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburch, Major Robert D. T.

TELLERS FOR THE AYES.—
 Major Sir Harry Barnston and Mr
 Penny.

NOES.

Adamsen, W. M. (Staffs., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Buxton, Rt. Hon. Noel
 Charleton, H. C.
 Clowes, S.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Cowan, D. M. (Scottish Universities)
 Day, Colonel Harry
 Dennison, R.
 Dunnico, H.
 Edwards, S. (Monmouth, Badwellty)
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)

Graham, Rt. Hon. Wm. (Edin., Cent.)
 Grenfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Harris, Percy A.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hore-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, T.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.

Lunn, William
 Mackinder, W.
 MacLaren, Andrew
 Maclean, Neil (Glasgow, Govan)
 March, S.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Palin, John Henry
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.
 Scurr, John
 Shephard, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Widnesbury)
 Smilie, Robert
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees- (Keighley)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Sullivan, Joseph

Thorne, W. (West Ham, Plaistow)
 Thurtlo, Ernest
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)

Weish, J. C.
 Whiteley, W.
 Wiggins, William Martin
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)

Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE 'NOES'.—
 Mr. Briant and Mr. Morris.

CLAUSE G.—(Excise Duty on Sweets.)

Motion made, and Question proposed,
 "That the Clause stand part of the Bill."

Miss WILKINSON: Can we have some explanation from the Financial Secretary as to what is meant by sweets in this case. I know it does not mean sweets of the feminine sort such as chocolates or eatables, but I would like to know if the term includes as sweets such things as unfermented fruit juice and wines.

Mr. McNEILL: The word "sweets" has been defined under the Finance Act of 1910, as follows:

"The expression 'sweets' means any liquor which is made from fruit and sugar, or from fruit and sugar mixed with any other material which has undergone a process of fermentation in the manufacture thereof, and includes British wines, made wines, mead, and metheglin."

In case the hon. Member does not understand the last two terms, I may explain that they are ancient drinks made of honey which at one time were very popular in this country.

Question put, "That the Clause stand part of the Bill."

The Committee divided: Ayes, 230;
 Noes, 113.

Division No. 222].

AYES.

[9.12 p.m.]

Apland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Apsley, Lord
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atholl, Duchess of
 Atkinson, C.
 Balfour, George (Hampstead)
 Baldwin, Lord
 Barnett, Major Sir Richard
 Beamish, Rear-Admiral T. P. H.
 Bennett, A. J.
 Berry, Sir George
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Briscoe, Richard George
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Buchan, John
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Campbell, E. T.
 Cassels, J. D.
 Cayzer, Maj. Sir Herbt. R. (Prtsmth. S.)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Colfox, Major Wm. Phillips
 Cooper, A. Duff

Cope, Major William
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Dalketh, Earl of
 Davidson, Major-General Sir J. H.
 Davies, Sir Thomas (Cirencester)
 Davies, Dr. Vernon
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Ellis, R. G.
 Elveden, Viscount
 England, Colonel A.
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Forrest, W.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Colonel Rt. Hon. Sir John
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'th's'w. E.)
 Grenfell, Edward C. (City of London)
 Griotian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Gunston, Captain D. W.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Hanbury, C.

Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Col. Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major Sir G. R. J.
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Lucas, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.

Meyer, Sir Frank
Milne, J. S. Wardlaw-
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Moreing, Captain A. H.
Morrison-Bell, Sir Arthur Clive
Murchison, Sir Kenneth
Nelson, Sir Frank
Neville, Sir Reginald J.
Newman, Sir R. H. S. D. L. (Exeter)
O'Neill, Major Rt. Hon. Hugh
Oman, Sir Charles William C.
Pennefather, Sir John
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Perring, Sir William George
Pilscher, G.
Pownall, Sir Assheton
Price, Major C. W. M.
Radford, E. A.
Raine, Sir Walter
Rawson, Sir Cooper
Rees, Sir Beddoe
Reid, D. D. (County Down)
Remer, J. R.
Rentoul, G. S.

Rhys, Hon. C. A. U.
Rice, Sir Frederick
Robinson, Sir T. (Lancs., Stretford)
Ropner, Major L.
Russell, Alexander West (Tynemouth)
Rye, F. G.
Salmon, Major I.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sassoon, Sir Philip Albert Gustave D.
Savery, S. S.
Shaw, R. G. (Yorks, W.R., Sowerby)
Sheffield, Sir Berkeley
Shepperson, E. W.
Simms, Dr. John M. (Co. Down)
Sinclair, Col. T. (Queen's Univ., Belfast)
Slaney, Major P. Kenyon
Smith, R. W. (Aber'd'n & Kinc'dine, C.)
Smith-Carlinton, Neville W.
Somerville, A. A. (Windsor)
Spender-Clay, Colonel H.
Stanley, Lieut.-Colonel Rt. Hon. G. F.
Steel, Major Samuel Strang
Streatfeild, Captain S. R.
Stuart, Hon. J. (Moray and Nairn)
Suter, Rear-Admiral Murray Fraser
Sugden, Sir Wilfrid
Templeton, W. P.
Thompson, Luke (Sunderland)
Thomson, F. C. (Aberdeen, South)
Thomson, Rt. Hon. Sir W. Mitchell-
Tilne, J. A.
Titchfield, Major the Marquess of
Wallace, Captain D. E.
Ward, Lt.-Col. A.L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watson, Rt. Hon. W. (Carlisle)
Wells, S. R.
Williams, A. M. (Cornwall, Northern,
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Windsor-Clive, Lieut.-Colonel George
Winterton, Rt. Hon. Earl
Wise, Sir Fredric
Withers, John Jamer
Womersley, W. J.
Wood, B. C. (Somerset, Bridgwater)
Wood, Sir Kingsley (Woolwich, W.)
Worthington-Evans, Rt. Hon. Sir L.
Yerburgh, Major Robert D. T.

TELLERS FOR THE AYES.—
Major Sir Harry Barnston and Mr.
Penny.

NOES.

Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Briant, Frank
Broad, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Charleton, H. C.
Clowes, S.
Cluse, W. S.
Clynes, Rt. Hon. John R.
Connolly, M.
Cowan, D. M. (Scottish Universities)
Day, Colonel Harry
Dennison, R.
Dunnico, H.
Edwards, C. (Monmouth, Bedwellty)
Edwards, J. Hugh (Accrington)
Gardner, J. P.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gilliet, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)

Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Bellisha, Leslie
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
Mackinder, W.
MacLaren, Andrew
Maclean, Neil (Glasgow, Govan)
March, S.
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Pallin, John Henry
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.

Riley, Ben
Ritson, J.
Roberts, Rt. Hon. F. O. (W. Bromwich)
Robinson, W. C. (Yorks, W.R., Elland)
Rose, Frank H.
Salter, Dr. Alfred
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Smillie, Robert
Smith, H. B. Lees (Kelghley)
Snell, Harry
Snowden, Rt. Hon. Phillip
Stamford, T. W.
Stephen, Campbell
Stewart, I. (St. Rollox)
Sullivan, J.
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Townend, A. E.
Varley, Frank B.
Viant, S. P.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Welsh, J. C.
Wiggins, William Martin
Wilkinson, Ellen C.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
Mr. Whiteley and Mr. B. Smith.

CLAUSE 7.—(*Duties and drawbacks on tobacco.*)

Mr. MOSLEY: I beg to move, in page 4, line 4, after the word "twenty-seven," to insert the words "until the twelfth day of April, nineteen hundred and twenty-eight."

During a previous stage of this Measure, hon. and right hon. Friends of mine argued with very great force, and their arguments were never answered, that this new Tobacco Duty constitutes a very clear instance of that class and discriminating taxation which the present Government, throughout its tenure of

office, has seen fit to impose. Figures produced by the Colwyn Committee were adduced in those Debates to show that the Tobacco Duty was in fact levied in almost exactly inverse proportion to the ability to pay, and, with this wealth of new facts and new figures in support of those contentions, the Government spokesmen found it somewhat difficult to answer those broad considerations. On a limited Amendment of the character of that which I am now moving, it will, perhaps, be more appropriate if I deal with the precise operation of this tax as experience has shown its development to date, and as we may anticipate its future operation for the rest of this year.

At a previous stage of this Measure, I drew the right hon. Gentleman's attention to the possibility, and, indeed, as it seemed to be, the fact, that the great tobacco companies, in respect at least of pipe tobacco, were actually making additional profits on the excuse of handing on taxation to the consumer. That argument was based upon the fact that, after tobacco has entered this country, extra moisture is added to the tobacco during the process of manufacture. That is not an illegitimate operation in itself; it is a necessary operation to render the tobacco fit for smoking. But it appears from this fact that, when extra moisture is added during the process of manufacture, the tobacco has increased in bulk when it is handed over the counter for sale to the consumer. Tobacco is imported into this country with a moisture content of some 10 per cent. on an average. During the process of manufacture, an extra 20 per cent. of moisture, in the low-grade tobaccos, is added. It is thus apparent that, for 16 ounces of tobacco which enter the country, and on which the great companies pay tax to the Exchequer, they actually sell 19 ounces of tobacco over the counter to the consumer, and from this consideration arises the substantial point that if, in respect of each ounce of tobacco which they sell, the big companies are handing on the $\frac{1}{2}$ d. of taxation per ounce which they pay to the Exchequer in respect of the original tobacco which they introduce, they are, in fact, handing on to the consumer even more than the amount which they have paid to the Exchequer.

The right hon. Gentleman challenged the whole basis of my argument by tell-

ing me that I laboured under entire ignorance of the facts, and that I was under a misapprehension as to the whole process of the manufacture of tobacco. But, unfortunately for the right hon. Gentleman, an authority of the very highest character saw fit to animadvert upon his observations in a letter to the "Times." Sir Arthur Tedder wrote a letter to the "Times" which entirely destroyed the fabric of the right hon. Gentleman's argument, and, to my great surprise, I found that I was quite right and the right hon. Gentleman was quite wrong. Sir Arthur Tedder is an authority on this subject. He was Chief Inspector of Excise and Customs from 1906 to 1911, and a Commissioner of Customs and Excise from 1911 to 1918; and, as he entered the Inland Revenue Department originally in the year 1871, his knowledge and authority on these subjects are probably second to none in the country. It might be worth while reading this very brief letter of comment on the right hon. Gentleman's remarks. He wrote to the "Times" in the following terms:

"In your report of the Debate upon the Budget Resolutions on Wednesday, Mr. McNeill, replying for the Government, is stated to have made the following remarks on the subject of the Tobacco Duty:

'The hon. Gentleman (Mr. Mosley) spoke about moisture being added. There was never any addition of moisture. Tobacco leaf naturally contained moisture. It was a question, not so much of adding moisture as of eliminating it.'

Sir Arthur proceeds to comment on the statement of the right hon. Gentleman:

"It is a pity that the Minister should have been so ignorant of the facts."

Civil servants are accustomed to the use of euphemistic language, and he proceeds to suggest to the Minister that he might look at the article on tobacco in the "Encyclopædia Britannica" for some elementary information on the subject. Sir Arthur proceeds:

"Added moisture is an absolute necessity in the manufacture of tobacco; it is not added simply for the purpose of profit; the law, however, steps in to safeguard the consumer by limiting the percentage of moisture which may remain in the tobacco when ready for sale."

In another letter Sir Arthur points out that when the tobacco enters the country it contains about 10 per cent., while in the process of manufacture some further 20 per cent. is added, making a moisture content of 30 per cent. Let us observe

[Mr. Mosley.] the actual effect of this process. We are told, and it was generally admitted in the Debate on the Budget Resolutions, that in respect of pipe tobacco, anyhow, the full extra tax of 8d. a lb or a halfpenny per ounce had been handed on to the consumer. The right hon. Gentleman did not make any excuse or attempt to defend the position of the Government in this matter. He said it was perfectly right that indirect taxation should be handed on to the consumer, and that was what indirect taxation was for. It is true that in another portion of his speech he tried to pooh-pooh that, saying that in respect of cigarettes it had not been handed on but had been paid by the companies. But in trying to have the best of both worlds, he admitted that it was probable and just that the taxation had been handed on. In relation to pipe tobacco, at any rate, it was universally admitted that the whole tax of one halfpenny per ounce had been handed on to the consumer.

If that be so, it means that these companies are making large extra profits, because the Treasury have seen fit to tax tobacco. See how it works out. The tobacco comes in at the port, and a tax of 8d. per lb. is imposed on it when it contains only 10 per cent. of moisture. During the process of manufacture, that 16 ounces is transformed into 19 ounces. If that 19 ounces is then handed over to the consumer with an extra charge of one halfpenny per ounce, the company is getting back from the consumer 9½d. in respect of that 19 ounces for every 8d. which it has paid out in respect of the original 16 ounces imported. Thus, on every pound of tobacco, as a result of this taxation, if my argument be correct, the companies are making an extra 1½d. profit. It is very easy by a simple calculation to show how greatly augmented the profits of the companies must be on this basis. Every penny of this taxation brings in £425,000, that is to say, each penny per lb. Therefore, the extra 1½d. per lb. would bring in an extra profit of £637,000.

That is a most extraordinary situation. It really is a most extraordinary condition of affairs if the imposition of the tax, which the right hon. Gentleman suggests the consumer should properly pay, is made the subject of extra profits for the great companies at the expense

of the unfortunate consumer by whom the additional tax has already been paid, and the Government have no remedy or device to deal with profiteering of this kind. This actual consideration of the operation of the tax seems most appropriate to this Amendment, and I hope that the right hon. Gentleman will be able to deal in detail with it and, after consulting the *Encyclopædia Britannica*, with rather more information than was in his possession last time, and that he may be able to tell us whether, in his opinion, this profiteering is actually taking place and what measures he can suggest to arrest its progress. I am sorry that we have had in regard to this Debate to summon to our aid in the public Press the weight and authority of ex-civil servants to correct the information of the right hon. Gentleman, and I trust that after perusing that letter, and after consulting with his expert advisers, he is now in a position to correct his previous misapprehension, and to inform the Committee upon the subject which is committed to his charge.

The DEPUTY-CHAIRMAN: The Committee will realise that the actual Amendment is a somewhat narrow point as to whether the tax should be an annual one instead of a permanent one, but I have allowed the hon. Member to speak on the whole Clause, as it may meet the wishes of the Committee to discuss it on this Amendment rather than on Clause 7 standing part of the Bill.

Mr. MOSLEY: On a point of Order. I endeavoured specifically to confine my observations to the operation of the tax with a view to suggesting that it should have a limited period of trial, as suggested in the Amendment. I was very careful not to deal with any broad question of principle, which I thought would be raised by other of my hon. Friends on the question of the Clause as a whole, and I merely dealt with the operation of the tax on administrative grounds.

Mr. STEPHEN MITCHELL: It is not often that I intervene in these Debates, but I feel compelled to-night to speak on this Clause dealing with tobacco, and I do so for two reasons, first, because it is probably well known to some hon. Members that by birth, and formerly by occupation, I am not unconnected with the tobacco trade, and, secondly, because

I wish to correct some rather inaccurate statements, doubtless unintentional, but foolish, made in the Debate on the Budget dealing with the tobacco question. I wish to be perfectly fair, and to say that these inaccuracies to which I refer were not confined by any manner of means to any one side of the Committee. They were doubtless made partly through ignorance and partly through Members not taking the trouble to confirm the information they had received or the rumours which they had heard. The Chancellor of the Exchequer has given a gigantic bill for the tobacco world to face. This bill, undoubtedly, could, quite honestly and logically, have been passed on to the consumer, but I am glad to say that to the very large extent of some 75 per cent. this bill is being footed by tobacco manufacturers, and the pocket of the consumer is being saved to this extent.

The Chancellor of the Exchequer has imposed an additional tax of some 8d. per pound, bringing the total duty on tobacco up to 8s. 10d. Now we see at a glance that this works out at about 6½d. per ounce of duty, and this has got to be paid long before the tobacco can be brought into the factories in order to be manufactured. I wonder if the Committee realises how much this duty amounts to in the case of the popular brands of cigarettes sold at 10 for 6d. I think it might interest them if I told them. For example, on the popular brands of cigarettes sold at 10 for 6d., the amount of duty is very nearly 3d. per packet, and in the case of the cigarettes sold at 10 for 4d. the duty amounts to approximately 2d. per packet. The Chancellor of the Exchequer, when dealing with the question of the Tobacco Duty, made two predictions. With the first I agree, but with the second I strongly disagree. The first prediction was this. He said:

"I may add that I have no reason to believe that the whole increase of this tax will be passed on to the consumer."—[OFFICIAL REPORT, 11th April, 1927; col. 93, Vol. 205.]

The right hon. Gentleman's hopes have been fully realised, and our large manufacturers of cigarettes, generally speaking, have made no alteration whatever in the price or size or quality of their cigarettes, and they have stated so frankly and boldly in the Press. The cigarette trade of this country is ap-

proximately 75 per cent. of the total tobacco trade, and I estimate that this piece of generosity or, shall I say, patriotism, on the part of the tobacco manufacturers is undoubtedly going to cost the tobacco trade some millions of pounds per annum.

The second prediction which the Chancellor of the Exchequer made was this, that this increase of 8d. per lb. on raw tobacco would bring him in an additional income of £3,400,000 per annum. I disagree with that entirely, and I think that this additional tax will produce in a full year in the neighbourhood of £1,400,000 per annum, that is, if there is no reduction made in the consumption. I do not think the Chancellor of the Exchequer can anticipate a reduction in the consumption. I cannot conceive that any Chancellor of the Exchequer would impose an additional duty with a view to stifling consumption. Unfortunately, it has been necessary to increase the cost of pipe tobacco, for reasons which are very obvious and into which I will not go. It is extremely hard lines on the pipe smoker and on the man who is, unfortunately, earning a very low rate of wage, but I think the tobacco manufacturers can be exonerated from all blame. They have shouldered this additional burden of taxation which the Chancellor is imposing to the extent of some 75 per cent., and they are leaving only some 25 per cent. to be borne by the public.

With all due respect to the Chancellor of the Exchequer, on this occasion as far as tobacco is concerned, I do not think he has been guided by very expert or skilful advisers. A different decision on his part would have saved the pipe smoker from sharing the burden with the tobacco manufacturer. I am not a very old man, but I well remember the day when the rate of the Tobacco Duty was 3s. per lb., or 2½d. per ounce, whereas to-day it is 8s. 10d. per lb., or approximately 6½d. per ounce. I think the Chancellor of the Exchequer ought to realise what has happened in the past, and that following over-taxation on whiskey and on expensive wines and expensive cigars, there is no doubt that the consumption of these articles has been greatly retarded. I think the right hon. Gentleman took a very bold line when he increased the Tobacco Duty. It could quite well have

[Mr. S. Mitchell.]

been passed on by the tobacco manufacturers to the consumer, but on this occasion the tobacco manufacturers have seen him through. But I wish, with all due respect, to warn the Chancellor that tobacco is not like the widow's cruse of oil; it has its limits. For many years the Tobacco Duty has been the goose which has laid many a golden egg for the Treasury. In these days, we hear much about the intensive system of egg production, but I hope that in the future the Chancellor of the Exchequer will not overstrain the vitality of that goose, and I warn him that the most prolific goose we know in the tobacco world, namely, the Gold Flake goose, may even succumb to the great strain which he is placing on her reproductive powers.

I would like now to deal with one or two statements which have been made by hon. Members, which, I think, are somewhat inaccurate. The hon. Member for Springburn (Mr. Hardie), speaking on 27th April, said:

"I was talking to my tobacconist this morning, and he told me that they were reducing not only the length but the circumference of the cigarettes, and were adding more moisture. He told me that there had been a big addition of moisture to cigarettes."—[OFFICIAL REPORT, 27th April, 1927; col. 911, Vol. 205.]

That statement is absolutely absurd. Many days prior to that date practically all the large tobacco manufacturers had broadcast through the Press that there would be absolutely no alteration in the quality, size, or price of any of their cigarettes. As far as cigarettes are concerned, the character of their manufacture absolutely prohibits the possibility of adding increased moisture consistent with good smoking qualities. I would have thought it was perfectly obvious to most hon. Members that if you were to add excessive moisture to cigarettes, the delicate paper of which they are manufactured would be badly stained and the paste would not adhere. The hon. Member for Springburn asked the Chancellor of the Exchequer why he did not fix a percentage of moisture in sales. I can assure the Committee that for generations past there has always been a limit set for the moisture at which tobacco may be sold, and any party exceeding that moisture limit is heavily fined. I can assure the Committee that the Excise

officers are very vigilant in looking after the interests of the Treasury most carefully in this respect. I wish to refer to a matter which has already been raised by the hon. Member for Smethwick (Mr. Mosley) in regard to a statement which was made by my right hon. Friend the Financial Secretary to the Treasury. The right hon. Gentleman made the following statement:

"He (Mr. Mosley) spoke about moisture in certain proportions being added. As far as I understand, there was never any addition of moisture, though I will not say it is never done; but the main thing is that the tobacco leaf has natural moisture in it. Hon. Members do not seem to be aware of that fact."—[OFFICIAL REPORT, 27th April, 1927; cols. 916-917, Vol. 205.]

With all due respect to my right hon. Friend, I think that is a somewhat misleading statement. I know quite well that it is purely an error, but I wish to refer to it, because moisture is always added to tobacco in the process of manufacture. It always has been, and it always will be. Tobacco, generally speaking, imported into this country contains moisture of between 10·5 to 11 per cent. If you attempted to manufacture tobacco in that state, it would simply crumble up into atoms. Even if it were possible to manufacture it, the tobacco would not smoke; it would simply burn out in no time. As far as I can see, there are very few Members of this House who seem to have much knowledge in regard to moisture. They do not seem to realise that practically every material contains moisture, and that material which one would consider absolutely bone dry contains a considerable amount of moisture. Take, for example, the massive oak box on the Treasury Bench. It would surprise hon. Members to know that that box, made of well-seasoned wood, probably contains moisture to the extent of 8 per cent. The right hon. Member for Colne Valley (Mr. Snowden), the late Chancellor of the Exchequer, on the 27th April, said:

"I shall show in a moment that it is not correct or true that the great bulk of this increased duty on tobacco is not being passed on to the consumer."—[OFFICIAL REPORT, 27th April, 1927; col. 867, Vol. 205.]

The right hon. Gentleman was Chancellor of the Exchequer for nine or ten months and he, obviously, has a knowledge of the various sources of taxation. He ought to know that the cigarette trade of this country is in the neighbourhood of 75

per cent. of the total tobacco trade. Days before he made that statement he must have seen in the newspapers a statement broadcast by practically all the tobacco manufacturers that there was to be no alteration in the size, quality or price of their cigarettes. There may be some isolated cases, perhaps in some of the more expensive lines, or there may be an isolated case of a small tobacco manufacturer making a slight alteration, but I can assure the Committee that that is only a bagatelle, and may be discounted. The right hon. Gentleman produced in this House two cigarettes presumably of the same brand, one which we presume was manufactured before the Budget and one after, and he stated that the cigarette manufactured after the Budget was about one-eighth of an inch shorter than the one manufactured before the Budget. After the clear and frank statement which was made in the Press by important and leading tobacco manufacturers in this country it was a little unjust on the part of the right hon. Gentleman not to state in this House what brand of cigarette it was or the firm that manufactured it. My further comment is, that if an alteration has been made in any popular brand of cigarettes such as the right hon. Gentleman suggests, then its doom is sealed. But it may have been a cigarette of one of the more expensive brands which is generally smoked by the class of people known to the right hon. Gentleman as the idle rich.

I wish further to refer to a statement made by the hon. Member for Camlachie (Mr. Stephen). I am sorry that he is not in his place. He said, with regard to the Chancellor of the Exchequer:

"He tries to tell us that this tax is not going to the consumer. He knows it is going to the consumer, and the probability is that not only will there be a large tax on the consumer but the Imperial Tobacco Company will take advantage of the shortening of the cigarette just to take a little bit of commission on the tax."—[OFFICIAL REPORT, 27th April, 1927; col. 890, Vol. 205.]

I can assure the Committee and the hon. Gentleman, if he will read the OFFICIAL REPORT to-morrow, that not only have the Imperial Tobacco Company not increased the price but that they have not shortened the cigarette. In this case, and possibly in many other cases, the hon. Member for Camlachie has proved himself to be a false prophet. During the Debate we have heard a good many complaints that

the rich man's smoke has not had additional duty passed on to it; that it has not been passed on to the consumer of the Havanna cigar. I would remind the Committee that the increased duty on tobacco amounts to 8d. per pound, while the increased duty on Havanna cigars has been made to the extent of 1s. 3d. a pound. Whether or not it has been passed on to the consumer I cannot say. Another complaint has been made that a good deal of money has been made by tobacco manufacturers clearing tobacco out of bond prior to the Budget. That is not the case. The Chancellor of the Exchequer is much too wise to allow that, and the Customs authorities rationed the amount of tobacco which could be drawn out of bond for many weeks prior to the Budget. Another complaint is that the price of cigarettes is at the same figure as in War time. I would remind the Committee that the duty at the present time is 8d. higher than in War time and that, nevertheless, the prices of the popular brands of cigarettes remain the same and the same size.

I should like to congratulate the Chancellor of the Exchequer on continuing and increasing the preferential rate given to tobacco grown in the Empire. Tobacco grown within the Empire and manufactured in this country for the year ending October amounted to the very large quantity of approximately 18,000,000 pounds, an increase on last year of about 5,000,000 pounds. That is approximately one-seventh of the total amount of tobacco consumed in this country in any one year. That means that at the present time we are purchasing 18,000,000 pounds weight of tobacco from the Empire which would otherwise be purchased from foreign countries. I would have preferred had the Chancellor of the Exchequer left the duty where it was, and I have no doubt that the pipe smoker would have preferred that but the Chancellor of the Exchequer has a difficult job. He has to make arrangements to pay for the general strike and he has to make arrangements to pay for the strike in the coal industry. But in order to meet abnormal conditions, this Clause is going to have my full support. One thing to which I would like to refer is the statement made by the hon. Member for Smethwick (Mr. Mosley) who stated that tobacco manufacturers were making abnormal profits over the moisture. I

[Mr. S. Mitchell.]

grant you, and I said it in the House, that there is a certain amount of moisture added to tobacco, which is bound to increase its weight. The hon. Member must remember this—when you manufacture a pound of tobacco you do not sell 16 ounces. You have to take the stem out of the tobacco which is approximately 18 per cent. You have a certain amount of natural dust and sand in the tobacco, and when you sell it you have a certain amount of the “turn of the scale.” So that you cannot sell 16 ounces out of one pound of tobacco. I grant that if you take out the stem, sand and dust, you get a rebate for that, but you make a loss. I am sorry I have detained the House so long.

Mr. McNEILL: I confess I have some doubt as to whether I ought to attempt to reply to the Amendment that is on the Order Paper, and which has been formally moved, or to say anything about either of the speeches which have been delivered—either that of my hon. Friend the Member for Lanark (Mr. S. Mitchell) or that of the hon. Member who moved the Amendment, neither of which had any relation to the Amendment. My best plan will be to do a little of both. First of all, may I point out the disadvantage that would occur if the Amendment itself were accepted—the Amendment to which the Mover did not refer at all? The increase of the duty which we hope to gain by this Clause is estimated at rather over £3,000,000 in the current year, but I think it must be clear that if, as the Amendment proposes, it were decided to make that only for one year, we should certainly not raise within a considerable margin the amount we estimated to receive—for this very obvious reason, that an expectation would be held out that possibly next year an alteration might be made that this additional duty would not be continued. The consequence would be that there would be, probably, a very large holding up of tobacco shortly before the end of the financial year. Considering that over 1,000,000 pounds weight would reduce this year's revenue by very nearly £500,000—£420,000—and the weekly clearances of unmanufactured tobacco amount, approximately, to 2,500,000 pounds, it would be quite possible that

the postponement that would be encouraged by this Amendment, if it were carried out, would amount to a very considerable sum.

Further, I think it is quite clear that we cannot accept the Amendment, and I do not think the Committee should have any hesitation about rejecting it, seeing that the Mover has not
10.0 p.m. thought it necessary to say a word in its favour. The reason the hon. Member could not find time to say anything about his own Amendment was that he was enjoying himself so much over pointing out what he believed to be a mistake that had been made by me on a former occasion. That evidently caused him a great deal of enjoyment. He pointed out that a great authority on these subjects wrote a letter to the “Times” saying that an observation of mine in the Debate on the Budget Resolution was a mistake. If I recollect rightly, the observation I made, to which he dissented, was that I said moisture had to be extracted from tobacco, not added to it. Well, my hon. Friend the Member for Lanark has also pointed out that this is an error. But I regret to say I am not young enough to be ashamed of making a mistake. I wish I were. It is only the youngest of us who are infallible, and I can very well comfort myself with a very familiar story about a gentleman I might introduce to his notice called Dr. Johnson. He, on one occasion, was asked by somebody how he came to have made such a mistaken statement, and he replied, “Sheer ignorance, Madam, sheer ignorance.” I do not want to diminish in the smallest degree the satisfaction of the hon. Gentleman with which he has convicted me of being sheerly ignorant on the question of the manufacture of tobacco. It was quite apparent I was, and I stand here in a white sheet. I now confess that moisture is added to tobacco and not taken from tobacco, and I hope the hon. Gentleman will feel he has had a real, comfortable parliamentary triumph this evening.

But my satisfaction does not quite end there. The hon. Member took his cue from the gentleman who wrote to the “Times”—a gentleman who said, it is perfectly true, that it was a pity that the Financial Secretary was so ignorant. I quite agree. Then this gentleman went on, and the hon. Member endorsed it, by saying I could not do better than gain:

some information about the process of the manufacture of tobacco by reading the eleventh edition of the *Encyclopædia Britannica*. That gives me great satisfaction, because several years have passed since I was one of the editors of that book, and I am bound to admit that although I took part in editing that great work of reference, I cannot pretend in any way to have assimilated the whole of the knowledge contained in that work. But I am delighted to find that, although many years have passed, the book is still of such commanding authority that it is quoted in Parliament by the hon. Member. The only other observation with which the hon. Member has honoured me was a reference to what he called my inconsistency with regard to the passing of the duty to the consumer. As a matter of fact, on this occasion I was perfectly correct. The proposition is a simple one—and I notice also in a letter to the "*Times*" by another gentleman, that the proposition is really a simple one—that the natural incidence of indirect taxation is that it is passed on to the consumer.

I said, perfectly consistently, when discussing this Budget Resolution, that, so far as our anticipations went, so far as tobacco was concerned, or, at any rate, the larger part of it in its most popular form, it would not in consequence of the duty be passed on to the consumer. Both these things have actually happened. As my hon. Friend the Member for Lanark, with his great authority on these matters, has said, up to this time, in the price, quality and size of the cigarettes, which account for some 70 per cent. or more of the total amount of tobacco smoked, there has been no alteration. On the other hand, it is quite true that there has been a considerable alteration in the price of the higher-priced cigars and a small addition in the price of pipe tobacco. But it remains true, as I said, that the popularly-smoked tobacco has not been affected by the duty. The hon. Member made an elaborate calculation which, to his own satisfaction, proved that very large sums were being made, in consequence of the duty, as additional profit by the manufacturers, his argument being based upon the assumption that 16 ounces of unmanufactured tobacco would, by the addition of moisture, produce 19 ounces of finished tobacco.

I do not think there is anything inaccurate in his calculation if his data were correct; but if his calculation, which he worked out as showing an extra profit of £637,000 a year, were correct, the manufacturers would be selling in the year about 128,000,000 lb. of tobacco at an increased price of $\frac{1}{4}$ d. an ounce, and containing 15 per cent. of added water. But that state of things does not occur. The total consumption of tobacco is, approximately, 140,000,000 lbs. a year, and it is estimated that about 70 per cent. of this consists of cigarettes which, if my information be correct, on the average do not contain even as much as 5 per cent. of added moisture over the natural moisture of the raw leaf. Of the remainder of the tobacco consumed, some 40,000,000 lbs., it is only some of the inferior varieties which contain as much added water as the 15 per cent. which the hon. Member made the basis of his calculations. It is, therefore, perfectly clear that nothing approaching 120,000,000 lbs. of tobacco is sold which contains 15 per cent. of added moisture. The quantity is much smaller. Consequently, the figure of £637,000 a year of added profit has little or no relation to the facts. I do not know if it is necessary for me to follow my hon. Friend in his very interesting and very authoritative exposition of the tobacco position. I do not know whether I shall be called upon to discuss it at any future stage. We have had a very exhaustive examination of the whole position on this Amendment, the actual purpose of which is merely to make this an annual tax. At the present time, I must merely content myself with pointing out that we cannot possibly accept the Amendment as it stands, and that the strictures which have been passed upon my own conduct and observations in the past, although correct up to a certain point, really have nothing to do with the business before the House.

Mr. HARRIS: We have just heard a very interesting confession from the right hon. Gentleman, and I congratulate him upon it. May I say that I would like to congratulate the hon. Member for Lanark on his very excellent and informative speech. Most of the facts which he stated to the Committee are those which he has of his own knowledge and they can be accepted. It is quite clear that,

[Mr. Harris.]

in the case of the cheap cigarettes, the extra duty has not been passed on. The hon. Member, with a certain amount of justification, claimed credit for various tobacco manufacturers for their patriotic action. But I think we want to dig a little deeper. I am afraid that we cannot quite give all this credit to the unselfishness of the great tobacco trade. It is common knowledge, and I have taken the trouble to confirm these statements, that there has been a tobacco war. The big combine, or trust, bought up most of the big tobacco factories and are waging war on one or two of the other firms. Some tobacco firms announced in the newspapers that they were to bear the whole of the burden and not pass it on to the public, and the big combine was forced to follow suit. I am not certain that it was all altruism. I am informed and I think my information is correct, that there is a great desire on the part of the combine to take advantage of this opportunity to drive out of existence some of the small manufacturers who have been striving in the last few years to keep their heads above water. While some of the big combines are making big profits, some of these factories have a hard struggle. I am not sure, if this tax is kept on, that, when some of these people have been knocked out, in due course this tax will be passed on to the public either by increased price or short weight. But it was not of cigarettes that I wanted to speak. It is very unfortunate that the chief burden of this tax has to be borne, as usual, by the people who are least able to bear it. In every case, these new taxes have been born by the poorest people in the community, the men with the lowest wages, the agricultural labourers, the men with large families, the men who smoke the cheap tobacco.

I find in my own constituency, and I think it will be the usual in the East End of London, that a popular tobacco is one which is known as British Oak. It is manufactured by one of the component parts of the Tobacco Trust, Lambert and Butler, and it used to be sold at 4½d. a packet. It still can be bought at some places at 4½d., which means that the 8d. per lb. increase is passed on to the consumer. I have the label. I should like the right hon. Gentleman to see it. It is an interesting exhibit. We are

getting accustomed to making exhibits. We are constantly having articles taxed, and we have to produce evidence in illustration of our arguments. In most cases what has happened is that the old price of 4½d. a packet has been retained. The "ounce" has been marked out in ink and above the "4½d. an ounce" have been put the words "1/34th of a lb." In other words, the quantity has been reduced; the price has been retained, and short weight has been given. There is no deception. It is quite plain what is being done, though the ordinary working man does not notice the "1/34th of a lb." That means that instead of the consumer paying 8d. a pound he is actually paying 9d. a pound. The Committee ought to realise that that sort of thing is going on. It would be a great pity to think that the ordinary working man who buys cheap tobacco is not feeling the burden of the duty. To think that would be misleading both the tobacco consumer and the Committee.

I wanted, for a moment, to support what the hon. Member for Smethwick (Mr. Mosley) said about the amount of moisture in tobacco. I have taken the trouble to inquire into the subject, and I find that what is really happening is that, as the Financial Secretary pointed out, 10 per cent. of moisture is allowed by the Customs on the importation of tobacco. I am informed that in the case of the higher qualities it is impossible to add much moisture because the tobacco would go mouldy, but the cheap tobacco, the very tobacco in this package, the homely shag of the ordinary working man, will stand moisture without deterioration, and in almost every case something like 22 per cent. of moisture is added. So in the cheap tobaccos not only is the consumer paying, but it is true to say, as the hon. Member said, that the big tobacco manufacturers are not only making their ordinary profit but are making some extra profit on the duty, in the fact that the moisture is added and the price remains the same. For that reason, I think it is very unfortunate that, as in the case of all the new taxes, the brunt of the burden is being borne, not by the well-to-do, but by the poorest of the community.

Mr. GROTRIAN: I should like to suggest to the Chancellor of the Ex-

chequer how he can get more revenue by decreasing the duty. I, of course, refer to Havana cigars. In 1899, the revenue obtained was £604,000. In 1916, when the duty had gone up to 10s. 6d. a lb., the amount of revenue obtained had fallen to £453,000. In 1921, when the duty had been again raised to 15s. 7d. a lb., the revenue had fallen still further to £322,700. Those figures show conclusively that as you put the duty up the amount of revenue goes down. The reason is obvious. When the rate of duty was not more than 10s. 6d. a lb. the bulk of the Havana cigars sold in this country were retailed a 6d. a piece. Now, when you have a duty of 15s. 7d., the duty on each cigar amounts to 2·4d., which, of course, renders it quite impossible to sell it at 6d. It is a curious thing that you do

not get an increase in the British-made cigar as you drive the Havana cigar out of the market, because, for some reason or other, they seem to rise and fall together. When one goes down, the other goes down. I do not know why that is, quite, but the figures show that it is so. Instead of endeavouring to get more revenue by trying to drive people on to pipe smoking—in spite of certain eminent examples of that virtue or habit—I think we ought to try and get more revenue out of the poor Havana cigar smoker, and the only way to make him disgorge more revenue is by putting down the rate of duty.

Question put, "That those words be there inserted."

The Committee divided: Ayes, 128; Noes, 264.

Division No. 223.]

AYES.

[10.23 p.m.]

Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Briant, Frank
Broad, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Charleton, H. C.
Clowes, S.
Cluse, W. S.
Clynes, Rt. Hon. John R.
Connolly, M.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dennison, R.
Duckworth, John
Dunnico, H.
Edwards, J. Hugh (Accrington)
England, Colonel A.
Fenby, T. D.
Forrest, W.
Gardner, J. P.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)

Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Harris, Percy A.
Hayday, Arthur
Hayes, John Henry
Henderson, Rt. Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Bellisha, Leslie
Hudson, J. H. Huddersfield
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lawson, John James
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
Mackinder, W.
MacLaren, Andrew
Maclean, Neil (Glasgow, Govan)
March, S.
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Pain, John Henry
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Rees, Sir Beddoe
Riley, Ben

Ritson, J.
Roberts, Rt. Hon. F. O. (W. Bromwich)
Robinson, W. C. (Yorks, W. R., Elland)
Rose, Frank H.
Salter, Dr. Alfred
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Sitch, Charles H.
Smillie, Robert
Smith, Ben (Bermondsey, Rotherhithe)
Smith, H. B. Lees (Keighley)
Snell, Harry
Snowden, Rt. Hon. Philip
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart, J. (St. Rollox)
Strauss, E. A.
Sullivan, Joseph
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Townend, A. E.
Varley, Frank B.
Viant, S. P.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Webb, Rt. Hon. Sidney
Wellock, Wilfred
Welsh, J. C.
Wiggins, William Martin
Wilkinson, Ellen C.
Williams, C. P. (Donbigh, Wrexham)
Williams, David (Swansea, E.)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Young, Robert (Lancaster, Newton)

TELLERS FOR THE AYES.—
Mr. Charles Edwards and Mr. Whiteley.

NOES.

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Alexander, Sir Wm. (Glasgow, Cent'l)
Amery, Rt. Hon. Leopold C. M. S.

Applin, Colonel R. V. K.
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Atholl, Duchess of
Atkinson, C.

Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Bainiel, Lord
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Beamish, Rear-Admiral T. P. H.

Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Berry, Sir George
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Captain G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Briscoe, Richard George
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newby)
 Buchan, John
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Campbell, E. T.
 Cassels, J. D.
 Cayer, Maj. Sir Herbt. R. (Preston, S.)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charles, Brigadier-General J.
 Chilcott, Sir Warden
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clarry, Reginald George
 Clayton, G. C.
 Cobb, Sir Cyril
 Colfox, Major Wm. Phillips
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Dalkeith, Earl of
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Ellis, R. G.
 Elveden, Viscount
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fermoy, Lord
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)

Grotman, H. Brent
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Hanbury, C.
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warwick, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberland, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen't)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Little, Dr. E. Graham
 Locker-Lampson, G. (Wood Green)
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Capt. D.
 Marriott, Sir J. A. R.
 Meller, R. J.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Morden, Colonel Walter Grant
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 Nicholson, Col. Rt. Hon. W. G. (Petersfield)
 O'Connor, T. J. (Bedford, Luton)

O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Pennefather, Sir John
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Pilcher, G.
 Pownall, Sir Assheton
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Robinson, Sir T. (Lancs, Stretford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (Widsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberdeen & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Streatfield, Captain S. R.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Suggden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 Williams, A. M. (Cornwall, Northorn)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, E. (Chesh'r, Stalyb'ge & Hyde)
 Wood, Sir Kingsley (Woolwich, W.)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Captain Viscount Curzon and Mr.
 Penny.

Motion made, and Question put, The Committee divided: Ayes, 265; "That the Clause stand part of the Noes, 127. Bill."

Division No. 224.]

AYES.

[10.32 p.m.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Alberty, Irving James
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Apsley, Lord
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atholl, Duchess of
 Atkinson, C.
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Bainiel, Lord
 Barnett, Major Sir Richard
 Barnston, Major Sir Harry
 Beamish, Rear-Admiral T. P. H.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Briscoe, Richard George
 Brookiebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buchan, John
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Burlock, Captain M.
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Campbell, E. T.
 Cassels, J. D.
 Cayzer, Maj. Sir Herbt. R. (Prtsmth. S.)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Chilcott, Sir Warden
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clarry, Reginald George
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Colfox, Major William Phillips
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Derfend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Dalkeith, Earl of
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drews, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Ellis, R. G.

Elveden, Viscount
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fermoy, Lord
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Forester-Walker, Sir L.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Grotrian, H. Brent
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Hanbury, C.
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Capt. H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 Kindsley, Major G. M.
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. O.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Little, Dr. E. Graham
 Locker-Lampson, G. (Wood Green)

Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Meller, R. J.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Morden, Colonel Walter Grant
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 Nicholson, Col. Rt. Hon. W. G. (P'tsf'ld.)
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Pennefather, Sir John
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Pilcher, G.
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Robinson, Sir T. (Lancs, Stretford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Slaney, Major P. Kenyon
 Smith-Carlinton, Neville W.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.

Stanley, Lieut.-Colonel Rt. Hon. G. F.
Steel, Major Samuel Strang
Storry-Deans, R.
Streatfield, Captain S. R.
Stuart, Hon. J. (Moray and Nairn)
Suter, Rear-Admiral Murray Fraser
Suggden, Sir Wilfrid
Sykes, Major-Gen. Sir Frederick H.
Thompson, Luke (Sunderland)
Thomson, F. C. (Aberdeen, South)
Thomson, Rt. Hon. Sir W. Mitchell-
Tinne, J. A.
Titchfield, Major the Marquess of
Tryon, Rt. Hon. George Clement

Vaughan-Morgan, Col. K. P.
Wallace, Captain D. E.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watson, Rt. Hon. W. (Carlisle)
Wells, S. R.
Wheeler, Major Sir Granville C. H.
Williams, A. M. (Cornwall, Northern)
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Windsor-Clive, Lieut.-Colonel George
Winterton, Rt. Hon. Earl

Wise, Sir Fredric
Withers, John James
Womersley, W. J.
Wood, B. C. (Somerset, Bridgwater)
Wood, E. (Chest'r, Stalyb'dge & Hyde)
Wood, Sir Kingsley (Woolwich, W.)
Worthington-Evans, Rt. Hon. Sir L.
Yerburgh, Major Robert D. T.
Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES—
Captain Viscount Curzon and Mr.
Penny.

NOES.

Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Briant, Frank
Broad, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Charleton, H. C.
Clowes, S.
Clynes, Rt. Hon. John R.
Connolly, M.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dennison, R.
Duckworth, John
Dunnico, H.
Edwards, J. Hugh (Accrington)
England, Colonel A.
Fenby, T. D.
Forrest, W.
Gardner, J. P.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Ham'ton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hall, G. H. (Merthyr Tydfil)

Hamilton, Sir R. (Orkney & Shetland)
Harris, Percy A.
Hayday, Arthur
Hayes, John Henry
Henderson, Rt. Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Belisha, Leslie
Hudson, J. H. (Huddersfield)
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lawson, John James
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
Mackinder, W.
MacLaren, Andrew
Maclean, Nell (Glasgow, Govan)
March, S.
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Pain, John Henry
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Rees, Sir Beddoe
Riley, Ben
Ritson, J.

Roberts, Rt. Hon. F. O. (W. Bromwich)
Robinson, W. C. (Yorks, W. R., Elland)
Rose, Frank H.
Salter, Dr. Alfred
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Sitch, Charles H.
Smillie, Robert
Smith, Ben (Bermondsey, Rotherhithe)
Smith, H. B. Lees (Kelghley)
Snell, Harry
Snowden, Rt. Hon. Philip
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart J. (St. Rollox)
Strauss, E. A.
Sullivan, J.
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Townend, A. E.
Varley, Frank B.
Viant, S. P.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Webb, Rt. Hon. Sidney
Wellock, Wilfred
Welsh, J. C.
Wiggins, William Martin
Wilkinson, Ellen C.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, E.)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES—
Mr. Charles Edwards and Mr.
Whiteley.

CLAUSE 8.—(*Increased duty on matches.*)

The CHAIRMAN (Mr. James Hope):
I think it will be convenient if we take a
general discussion on this Amendment as
we did in the case of the last Clause.

Mr. LEES-SMITH: I beg to move, in
page 4, line 28, after the words "twenty-
seven," to insert the words "until the
twelfth day of April, nineteen hundred
and twenty-eight."

This is the Clause which imposes the
extra duty upon matches, and we intend
to oppose it in the same way and for
much the same reasons as we have

opposed the Clause dealing with tobacco.
The tax upon matches is fundamentally
and in principle more objectionable and
more unfair than the tax upon tobacco.
As a matter of fact I do not think that
there is any article of ordinary consump-
tion the price of which has been so much
raised since the War as the price of
matches. Before the War the price of
matches used to be six boxes for a penny,
but the price to-day is one penny per box.
Consequently the price has risen by 600
per cent., which is altogether out of pro-
portion to the rise in the price of almost
any other popular article in use.

My calculation is that this duty comes roughly to the equivalent of a duty of an extra half-penny upon a dozen boxes of matches and the question which is of special interest to us is to ask by whom is this duty eventually going to be paid? The match manufacturers have already practically told the public that it is not likely that it is going to be paid by them. Messrs. Bryant and May have announced that there is to be an increase of one half-penny per dozen in the price of their matches, an increase which is practically equivalent to the new duty which is being proposed. Who is going to pay the duty? I may say that this is an interesting example of the kind of argument that has been previously used this evening, and is always used whenever questions of Free Trade and Protection are debated. The price of the box of matches is now 1d. Although the duty has been imposed, it has remained at 1d., and I have no doubt that it will continue at 1d. But, nevertheless, this duty is going to be paid by the public, and for this reason. I was told by manufacturers of matches, even before this duty was proposed, that the cost of production of matches had been falling for some years, and that the time was just approaching when they were going to put upon the market matches at the price of two boxes for 1½d., so that we should have approached rather nearer to the prices at which matches were sold before the War. This duty means that that reduction in price will not take place, and, as a consequence, the price of matches will be stabilised at its present excessively high figure for an indefinite period.

The increase in price will fall upon the public at large, and, unfortunately, this is another example of those duties in the case of which the public at large means mainly the poorer sections of the State. I remember that not long ago Messrs. Bryant and May, when they were wanting some other favour, sent out a letter, which I think must have gone to all the Members of the House, because I received an ordinary typewritten copy of it, and in that letter, in order to support another argument of theirs, they said that their calculation was that five-sixths of the matches used in this country were used by the working class. The fact is that, although the amount spent on matches is not very large, the effect of a

tax upon matches is practically the same as that of a tax upon tea. In the case of matches, as in the case of tea, the ordinary working-class household spends practically the same sum as a household of the wealthier section of the community, and the result is that, if matches are taxed and their price is increased, it takes a far larger proportion out of the pockets of the poorer section than it takes from the wealthier sections of the State. For that reason, our general opposition to this tax is based on exactly the same grounds as our general opposition to all these taxes upon the necessities of life. The weight of it on rich and comfortable homes will be practically inappreciable, but it does mean that once again the Chancellor of the Exchequer is taking a few more pennies out of the pockets of the less comfortable sections in the country, when they need to buy one of these common necessities of their homes.

Major HILLS: The hon. Member for Keighley (Mr. Lees-Smith) complained that when matches were not taxed at all they were much cheaper. I quite agree that they were, and if there were no tax the price would come down. The hon. Member then went on to say that the increased tax would be borne entirely by the consumer. That is not entirely so. The increased tax is 1s. per standard gross of 10,000 matches. The standard gross is not a trade description at all, because matches are not sold by the standard gross; they are sold by the trade gross, that is to say, a gross of boxes containing 50 matches per box. That works out, not at 10,000 matches but at 7,200 matches. On a trade gross the extra tax imposed by this Budget is 7d., and of that the manufacturers are passing on 6d. to the wholesalers, the retailer and to the public. I cannot say exactly in what way that would be apportioned, but it certainly will not all fall upon the public for, in the first place, the increase that the manufacturers are making is only ½d. per dozen, and the competition in selling matches is very keen, and I do not anticipate that the whole amount will be passed on. The last speaker knows that the effect of the tax will indirectly effect a saving to the public, for it standardises the tax at 50 matches per box. Before this new tax was imposed foreign matches were coming in at 30, 35, 40 or 45 matches per box, and these boxes

[Major Hills.]

looked just the same as boxes containing 50 matches, and were sold at the same price.

Now take the housewife who goes to buy a dozen boxes of matches, for all prudent purchasers buy by the dozen. She might have got a dozen boxes with 50 matches in a box or a dozen with 35 matches in a box, and so she might have lost 12 times 15, which is 180 matches. Now the tax is charged on all boxes of matches that hold more than 20, as though they held 50, so that it will not pay foreign importers to put less than 50 in a box because that would mean paying a tax in excess of the value of their products. To that extent the public will be protected, and I think the House will realise it was a very serious fraud on the public that when they expected to get 50 matches all they got was 35. Further, the price the manufacturer charges of 6d. per gross is merely replacing the price at the same figure at which it stood in 1923, and from 1923 to 1925 at which time the price was reduced by 6d. a gross. I think that is the reduction which the hon. Member for Keighley (Mr. Lees-Smith) has in mind. It did take place, and I quite agree that the effect of this tax is to take off that reduction, but, after all, it only replaces the position as it was two years ago. There is nothing protective to the manufacturer in this tax. I think the hon. Member will admit that the only people who are protected are the public, except that indirectly the British manufacturer is protected from unfair foreign competition, and I am quite certain the hon. Member will not object to that. Since a part of the tax will be shouldered, first by the manufacturer, next by the wholesaler, and next by the retailer, and further as the public will get the article they are paying for, and not a box containing 35 matches, I hope that the Committee will pass this Clause.

Mr. E. BROWN: The Committee will have been interested in the second speech of the hon. and gallant Member for Ripon (Major Hills) on this tax, and I do not think they will grudge a little further consideration of the tax. Seeing that successive Governments from 1916 till to-day have received £13,000,000 of revenue from this small tax, and that up to this Budget only 63 lines of the

OFFICIAL REPORT have been occupied by discussion on this tax, there ought to be a great deal more discussion. When Mr. McKenna introduced it in 1916, he introduced it as a war-time tax. When Mr. Bonar Law altered it in 1918 he used a phrase curiously like that used by the present Chancellor of the Exchequer when introducing his Budget, and perhaps the Committee will allow me to read it. The Chancellor, when he was making his great ascent up the mountain of difficulty, said:

"Proceeding upon our ascent, step by step and crag by crag, I now come to matches"—

He wanted a little light on his journey—

"It will probably be a surprise to many well-informed Members that we have been for many years raising revenue by a strictly orthodox Customs and Excise duty upon matches, the revenue of which last year amounted to no less than £3,500,000."

This is the sentence which I would like the Committee particularly to note:

"The British match industry has submitted to me a plan which combines an increase in the Match Duty with an alteration of its basis, which they assure me will be more satisfactory to them in relation to foreign competition than is the existing scheme."—[OFFICIAL REPORT, 11th April, 1927; col. 90, Vol. 205.]

Then he goes on to outline the alterations contained in the White Paper and in the scheme which we are discussing to-night. I suggest that we are entitled to have from the Financial Secretary to the Treasury a little light upon the deputation that came from the industry to the Exchequer as to the composition of that deputation, as to the number of firms concerned in it, and as to what took place between the Exchequer and the deputation before this alteration was made. A very celebrated British philosopher once said:

"Two men of the same trade rarely meet together in secret without planning a conspiracy against the public."

A modern Yankee would say, "You scratch my back and I will scratch yours, and we will all rob the public." The hon. Member for Mossley (Mr. A. Hopkinson) will probably agree with him, for in a recent Debate he said that he feared the right hon. Member for Carmarthen (Sir A. Mond) not when he disagreed with Labour, but when he agreed with it, in making a combine against the public, and

I am suspicious of the agreements, past and present, between the Treasury and the match industry. I want to know what the match industry is getting out of this last agreement and who are the firms concerned in getting whatever they are getting out of it. The speech delivered by the hon. and gallant Member for Ripon to-night is not quite the same as that delivered by him on the Budget Resolutions. I have that speech here, and I notice that then he was by no means so sure of the incidence of this tax as he seems to be to-night. I would like to quote some words of John Stuart Mill against this tax. John Stuart Mill once said :

“The direct tax is one which is demanded from the very persons whom it is intended or desired should pay, but the indirect tax is that which is demanded from one person in the expectation and intention that he or she shall indemnify himself or herself at the expense of another.”

I believe that to be sound doctrine, and I think the two speeches delivered in this House on this Match Tax by the hon. and gallant Member for Ripon only emphasise the soundness of that doctrine, for in his first speech he said he was quite sure who was going to pay the duty, and he mentioned the manufacturer, the wholesaler, the retailer, and to a certain small extent, the public.

11.0 p.m. I would ask the Financial Secretary to the Treasury if there are any calculations which have been made at the Treasury as to the incidence of this tax between the various people mentioned by the hon. Member for Ripon. Although we have been speaking in pounds and shillings, this is not a matter of pounds or shillings to the match industry, the Treasury or the British public. When this Duty was introduced in 1916 by Mr. McKenna, the total revenue was £1,029,000. In the following year it amounted to £1,242,000; in the third year, £2,027,000; in the fourth year, £3,336,000; in the fifth year, £3,051,000. In the sixth year there was a slight diminution, because the tax on mechanical lighters which had held good up to then was repealed. The amount in that year was £3,023,000. In the following year there was another slight diminution to £3,013,000. Since then, we have had continuous rises to £3,121,000, £3,295,000, £3,345,000, and now the Chancellor of the Exchequer wants an additional £500,000, £600,000 or £700,000. That means the

British consumer of matches, the housewife, all who use matches, smokers and all kinds of people, the whole public who buy matches for ordinary purposes, will pay more in proportion to the matches they buy than those who buy the more expensive matches.

I suggest to the Financial Secretary that the Committee are entitled to some information as to the members of the deputation who saw the Treasury, the number of firms who are associated with each other in suggesting the second alteration—the first alteration of the duty came about on the suggestion of the manufacturers—and as to the Treasury view of the incidence of this additional duty upon the general public, as compared with the wholesaler, the retailer and the match manufacturer. This duty amounts to nearly £4,000,000, and the Committee are entitled to a good deal more information than they have yet received about the details of the Clause.

Mr. MARCH: I was rather surprised, in listening to the hon. and gallant Member for Ripon (Major Hills), to note how he had wheeled round from what he said on the previous occasion.

Major HILLS: I said exactly the same on the Resolution as I say now. I said that sixpence would be passed on by the manufacturer, but that of that sixpence I did not think the whole would be passed on to the public.

Mr. MARCH: To-night, the hon. Member has been trying to make us believe that it is going to be shared between the manufacturer, the wholesaler, the retailer and the consumer. That is a little different from what he said before. I have yet to learn where the patriotism runs with the wholesaler and the retailer to take their share of the extra duty which is being imposed by the Government in this respect. I was very interested to learn that no prudent housewife would purchase her matches in dozen boxes. If the hon. Member for Ripon (Major Hills) would only come down to the district I have the honour to represent, he would find some of those widows and old ladies, and the old age pensioners buying one box at a time, and they cannot afford to buy more. The result is that the passing on of the extra charge will go on to the poorest people that there is in this country.

Major HILLS: May I point out that the penny box is still a penny even if the tax is imposed.

Mr. MARCH: May I tell the hon. and gallant Member that there are some boxes at a halfpenny?

Major HILLS: Not 50 matches.

Sir FREDRIC WISE: Are they still a halfpenny?

Major HILLS: There are not 50.

Mr. MARCH: No, 20, and bad enough it is. It is very nice for hon. Members to come to the House and talk about all being so cheap and reasonable, for these people who have to use matches more than we do ourselves feel anything extra that is imposed on them. I myself ought not to complain, because I am a non-smoker. I do not waste any matches in that direction. I am also able by living in Poplar to have the electric light put on. Therefore, I do not want any matches to light up when I go home early or late; and it is quite probable that that applies to a large number of Members on the other side of the House. We are doing our best to see that all the people get light in our district. I should like to say that this is another imposition of indirect taxation upon the poorest people of the country. As the hon. Member for Keighley (Mr. Lees-Smith) has said, the agricultural labourer gets very poor wages, and up to the present time he has not, in many instances, even got gas. They still use the old tallow candle. [An HON. MEMBER: "They get Tory gas."] They get plenty of Tory gas it is true, and they are told things will get better by and by. It will only be when they get beyond the moon. They will not get anything on this earth. Those who have got beyond tallow candles have paraffin oil, and this is the only light they can get in many instances. They are the people this is going to affect very largely indeed, and I hope that the Financial Secretary to the Treasury will be able to explain to us what he has learned in connection with this matter for those benevolent match manufacturers who waited upon him as to what they intend to do with this extra duty which you are now imposing on them. Did you get anything from them that they were

anxious to pay it all themselves, or did you get anything from them that they were going to pass it on?

The CHAIRMAN: Will the hon. Gentleman address me.

Mr. MARCH: I thought, if I looked at him pleasantly, I would get a decent answer. I do not expect to get an answer from you, Sir. I should like to know whether anything of the kind with regard to the sharing out of this extra tax was mentioned, and whether there was any of them patriotic enough to say that they would bear the whole burden, because they are making a decent profit, and they are belauding themselves for the profits they are making out of matches at the present time.

Sir H. CROFT: I want to intervene for a very few moments. I confess that the attitude of the Opposition and the opportunities they have missed this evening have depressed me. When the hon. Member for Keighley (Mr. Lees-Smith) rose to his feet, I thought that at last we were going to have a real statement on behalf of the workers of this country. But all he could say was that this was another burden on the poor, although I think he has since confessed that a box of matches has not been increased to the individual. We have just heard that, at any rate in Poplar, no one ever buys more than one box of matches—

Mr. MARCH: I did not say that.

Sir H. CROFT: I desire to take this opportunity of making the most full and ample apology to the hon. Member. I did think that on an occasion like this we might have heard something from the Front Bench of the Opposition in regard to the Excise duties on matches which we are also considering. Had the hon. Member risen to his feet to point out that this burden is, as it must be, a burden ultimately on the consumers of this country, and had he urged that that Excise duty was not desirable under the present state of affairs, I think the whole Committee would have been relieved and would have realised that at last we had had an admission of value from the Labour party. Had he taken that attitude, I think he would have met with a great deal of sympathy from that section of the Opposition that represents one-third of the trade union vote at the con-

ference this year, because I think that at present at least half—possibly more—of the matches we consume come from foreign countries. When it is realised that these matches are produced under the most disgraceful conditions in the countries from which they are imported, I think the Opposition have missed a real chance in not insisting that this Excise duty should be withdrawn. Had they done so they would have had the support of a great number of hon. Members.

Mr. KELLY: I was very much interested to hear the last speaker in regard to the labour conditions in this particular industry. I was hoping that in the course of it he would have at least dropped one or two figures as to the conditions that he complained of in those countries, and that he would have told us of the conditions operating in this country. It may be some surprise to him to know that among Friends of his own are those who are financing some of those companies of which he speaks as foreign companies. But I want to ask him why it is that he is so fond of stating that this is only a small imposition upon the community, when he knows full well that there are so many other impositions on them that this means an added burden to the costs that are imposed on them? But I rose for the purpose of asking the view of the deputation that waited on the Treasury. I want to know if, seeing that there is a Whitley Council in connection with the match industry in this country, and that Whitley Council is concerned with both employers and employed and with all the match factories in this country, they were consulted or if they were part of the deputation which waited on the Treasury? It seems a very curious statement that we had from the Chancellor of the Exchequer, that if he would impose a duty upon matches that would be to the advantage of this country and particularly to those manufacturers. There is a difference between the statement of the hon. Member for Ripon to-night and the statement he made when he last spoke on the question. He will find it somewhat difficult to prove that the manufacturers or the wholesalers are going to stand the bulk of this impost, which he assumes is not going to reach the public. But the serious thing is that if the Amendment is not accepted, it is evident that it is the intention of the Government to

carry this tax a long period beyond the year we are now in. I hope the Amendment will be accepted, and I trust the Financial Secretary will let us know whether, not only the manufacturers, but the Whitley Councils concerned with the industry were consulted or were with the deputation to the Treasury.

Mr. McNEILL: We have had a Debate not merely on the Amendment on the Paper, but upon the whole question of the duty. The hon. Member who has just sat down is the only one who made any allowance or reference whatever to the Amendment. I think I may take it from the way it was treated by the hon. Member on the Front Bench that he did not expect that any particular favour would be shown to the Amendment. He was only using it as an opportunity for discussing the general subject. If that was his state of mind, he was perfectly accurate. The Government could not possibly accept the Amendment. It would restrict clearances, with the result that there would be a very serious deficit in the estimated revenue. We have known the Mover of the Amendment for many years as a protagonist of Free Trade. If we were to carry the Amendment we should be going considerably beyond Free Trade. It would be giving Protection to the foreigner, as there is no corresponding Amendment down with regard to the second Sub-section, relating to Excise.

One or two hon. Members have shown some curiosity as to where the duty would fall. The hon. Member for Keighley (Mr. Lees-Smith) told us it would fall on the poor, and he used an argument that is very common in these Debates but which, I think, really involves a fallacy, when he said it would fall on those least able to bear it. Of course, that is true not only of any duty but of the price of any article. The poorer a person is, the more difficult it is for him to pay for it. It is perfectly true. It is obvious. But what I think involves a fallacy when we are discussing these taxation questions is to isolate every individual item—to take them separately. It is perfectly true that if you take each one separately and say, "There is a tax on such a commodity." It is much more difficult for the poor to pay it than for the rich. Then there is the next tax which is proposed. That

[Mr. McNeill.]

also is much more difficult for the poor to pay than for the rich. Consequently, you are putting heavier burdens upon the poor than you are upon the rich."

That appears to me to involve a fallacy. The only way you can justly estimate and gauge the relative burdens of different classes is by making a review of the whole field of taxation. It is perfectly true that certain classes pay practically nothing on matches, and it does not affect them in the least, but you have to find out what that same class is paying in other ways. It is only when you do that, and sum up the actual aggregate of burdens which falls upon the rich or poor, as the case may be, that you have any right to say with justice that an undue amount of burden is being placed upon people who are moderately well to do, or the rich. The hon. Member for Leith (Mr. E. Brown) and the hon. Member who last spoke asked me some questions about some deputation at the Treasury. I am not able to give them information about it. I am not certain that I should think it right to do so, even if I were in a position to do so, but I am not. I have had no notice sent to me that there was any curiosity felt about it. I do not know exactly whether it was in the form of a deputation at all.

Mr. E. BROWN: The right hon. Gentleman rather pressed me on the Financial Resolution, but, unfortunately, when I came to ask him the question at that time, it was so late that he was unable to give an answer then.

Mr. McNEILL: If the hon. Member in any way gave me actual notice that he was going to put that point to me, I apologise for not having remembered that was so. I am not at all sure that I should have given it in any case. I do

not know that there were negotiations. I know that communications passed, as is always the case when a Budget is being prepared. There are always negotiations with many interests concerned or that might possibly be concerned. I do not think it is usual to give specific information as to who was present and what was said, and so forth. At all events, we are not discussing whether I shall be right or wrong in withholding the information, because I have not any to give.

Mr. KELLY: My only reason for raising this point is that it was a strong point used by the Chancellor of the Exchequer himself, namely, that, as a result of what he had been told by those people, and the suggestion they made to him, he was coming before the Committee with this particular proposal. Surely we have a right to know the people who made that statement.

Mr. McNEILL: I do not think there is any such right. These deputations are received at the Treasury in the ordinary course, and there is no right on the part of hon. Members to ask who were there, or what actually happened. Hon. Members must be content to take the statement of the Chancellor of the Exchequer on that point, or to disregard it, if they so please. I should like to endorse what was said by the hon. and gallant Member for Ripon (Major Hills), who speaks with much inside knowledge. He explained to the Committee quite accurately what the probabilities are with regard to the incidence of this duty, and to what he said I really have nothing to add.

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[For continuation of Proceedings, see Official Report, Wednesday, 29th June.]

HOUSE OF COMMONS.

Tuesday, 28th June, 1927.

[OFFICIAL REPORT.]

FINANCE BILL.

Considered in Committee.

CLAUSE 8.—(*Increased duty on matches.*)

Amendment proposed: In page 4, line 28, after the words "twenty-seven," to insert the words "until the twelfth day of April, nineteen hundred and twenty-eight."—[*Mr. Lees-Smith.*]

Question proposed, "That those words be there inserted."

[Continuation of Official Report, from Col. 366, Tuesday, 28th June, 1927.]

Mr. A. V. ALEXANDER: One or two things have transpired during this Debate which are worthy of a little further attention from the Committee. The Financial Secretary has said that the hon. Member who moved the Amendment failed to pursue the argument in that he has not put down an Amendment to the Excise section of the Clause. The Financial Secretary, however, failed to draw the attention of the Committee to the fact that there is an Amendment on the Paper to delete the whole of the Clause, which, of course, would get rid of the Excise Duty as well as the Customs Duty. It would have been a fairer comment if the Financial Secretary, in his reply, had informed the Committee that this is not the only Amendment that has been put down. The second point which the hon. Member made was quite interesting to hon. Members on this side. He said that he could not understand why we should lay so much stress on the fact that duties of this kind press harder on the poor; that we should always have regard to the general spread of taxation over the whole community and not pay so much attention to an isolated duty of this kind. The Financial Secretary knows that the case of those who oppose these duties is that in regard to the taxation to be raised for purposes of revenue the first principle to be observed

is that the people who have to pay the taxation shall be able to bear it. The great mass of the workers of this country are entitled to a minimum standard of life before they pay taxation at all. It is unfair for the hon. Gentleman to take any other view of the situation. Whilst the exigencies of the country may require special measures at certain times, we ought not to be stooping to the expediency of putting a few coppers on the matches of the poor for the purpose of raising revenue when you are saving millions a year by rebates to the rich Income Tax and Super-tax payers. What we suggest is that you should take off this kind of taxation altogether and raise all the revenue required in two ways only; first, in direct taxation upon the incomes of the rich, in relation to their ability to pay—

The CHAIRMAN: This subject cannot be raised on this Amendment. It is quite proper on Second Reading or Third Reading.

Mr. ALEXANDER: It is a little wide of the Amendment. On the other hand, it is surely not wide of the argument used by the Financial Secretary.

The CHAIRMAN: I take the Committee into my confidence. If the right hon. Gentleman had said another sentence I was going to stop him.

Mr. ALEXANDER: I will not take a minute to finish the argument with your permission, Sir. If they would raise the money by direct taxation, as I have suggested, with, as occasion required, a tax upon purely luxury articles, there would be no difficulty in meeting the needs of the revenue and giving proper relief to the poor in the country. With regard to the suggestion of my hon. and gallant Friend the Member for Bourne-mouth (Sir H. Croft), I notice he says there would be great advantage if he were to remove the Excise duty and leave on the Customs duty. He says that matches are being imported in large quantities from countries where sweated conditions prevail. It is a great pity that the hon. and gallant Member cannot persuade his Government to ratify the 48-hour week Convention. There might then be some point in his argument. I have here a box of matches imported from Finland and made by co-operators in Finland.

[Mr. Alexander.]

We buy large quantities of them. We also buy large quantities of the matches which are more familiar to the hon. and gallant Member for Ripon (Major Hills) from the firm of Bryant and May. But the import of these matches is as important to the British worker as the purchase of the British matches. [HON. MEMBERS: "Why?"] I will explain why. We took thousands of gross of these matches from Finland last year and we sold to them, from co-operative factories here, employing trade union labour, thousands of bicycles and other articles such as boots and shoes, and that is just as important to the worker here as the actual manufacture of matches in this country.

Major HILLS: I do not think the hon. Member can know the wages paid in match factories in Finland. I have here the result of an inquiry made by the Belgian Christian Union into wages in match factories, and in Belgium the highest rate per hour is 6d., and it goes down as low as 2d. In Finland the highest rate is 5½d. per hour, and it goes down to 2½d. for girls.

Mr. ALEXANDER: Before the hon. and gallant Member destroys my case, he had better give me the figures for the co-operative factories. I said the matches were made by co-operators. He might also give the comparative cost of living.

Major HILLS: My figures are given by the Finnish Government.

Mr. ALEXANDER: I submit that that does not discredit my argument.

Sir H. CROFT: Buying sweated goods!

Mr. ALEXANDER: No, we are selling very good goods, made by trade union labour in Birmingham, among other places, and incidentally we are employing shipping to take the matches here and to take the goods away, and ship-builders to build the ships. Altogether the case which has been put up by the hon. and gallant Member cannot stand.

Mr. J. JONES: Those of us who live in the East End of London and who can take our memories back 30 or 40 years, never want to see again the conditions which formerly prevailed in the match

factories. If this were a question of protecting the workers of Great Britain from sweating, some of us might be prepared to take up a different attitude. This is not a matter of sweating. Hon. Members who talk so glibly about foreign matches have evidently not read the "Times" during the last few weeks. They have not read that these foreign match companies are raising money in England for the purpose of developing their businesses in competition with British manufacturers. They are getting plenty of money. Patriotic Tariff Reformers will be able to make higher dividends on their capital than if they invested it in the British match industry. They are always patriots when it is a matter of getting votes. When it is a question of getting dividends they do not care a tinker's curse whether it is the Chinaman, the Belgian, the Flemish or the Finnish worker—*[Interruption]*.

Sir H. CROFT: Would you keep them out?

Mr. JONES: We could not keep you out if we tried. You are more dangerous to us than any workmen that ever came into this country.

The CHAIRMAN: I must point out that the hon. and gallant Member for Bournemouth (Sir H. Croft) is not a match.

Mr. JONES: No, but I am a match for him. I am a match for most of them. If it were merely a question of protecting the workers of England we should have various views expressed but this is a matter of raising revenue for the State. From whom are you going to get the revenue? The Government are always playing upon the worker. When in doubt, play upon the worker! It is a jolly fine game played slow; but it is about time we said "tip it." *[Interruption.]* Up to now I have not heard in this discussion any question of the general strike. It is the only time it has not been mentioned. Seeing that it is a question of matches striking is not necessary.

I suggest that the question of protecting the worker of this country has nothing to do with the question now before the Committee. It is a question of raising revenue and the Government

are raising it at the expense of the people least able to pay. That is the philosophy running through all the proposals which have been made up to now. If you want to protect the British workman protect him against your own people who invest their money in foreign countries and throw the British workman out of employment. Some of them on these benches will take 10 per cent. in China rather than accept 5 per cent. in Great Britain. They do not care where their interest comes from so long as they get it. I remember the time when the match makers of the East End were amongst the most sweated and degraded workers in the country—and that was under the same firms.

As an official of a union which represents a very large number of the men and women employed in the match-making industry I wish to ask if when there were consultations between the Chancellor of the Exchequer and the trade the workers' side was represented? Did we have any finger in the pie? Were we allowed to appear before the holy of holies, wiping our noses on the mat before we dared to enter? No. We were never asked—so far as I know. We were simply told what had happened—by the trade. Who are the trade? Certain individuals who happen to be at the top of the tree. They were not considering the interests of labour. They are international in their ramifications. The people in the match industry of Great Britain know that it is very largely dominated by the American combine.

The Diamond Match Company is practically an American institution in which British capital is not the dominating factor. If it is a question of protecting

British workers, we are prepared to adopt means of protecting them, but our means are totally different from yours. Your method is to rob them by making them pay more for the things they want, and, although some workers may be able to get a little more wage, it is only at the expense of their fellows. That sort of game ought not to be played by people representing any section of the community, and this matter ought not to be made a question of robbing Peter to pay Paul. These proposals are simply a reproduction of the old bad policy of the Tory Party, and they have got an ex-Liberal as Chancellor of the Exchequer to come along to do their execrable, dirty work. I know most of the Ministers opposite are ex-something. On a question like this we have to save a few of the brands from the burning. Now is the accepted time. Now is the day of salvation. So far as we on this side are concerned, we stand by the principle that we have enunciated all through, which is that taxation should be based upon the ability of the people to pay. This kind of taxation is making the poor pay all the time and allowing those who are best able to pay to escape their responsibilities. Whatever our views may be about protecting the members of trade unions, we are not prepared to allow ourselves to be led up the garden to vote for Protection under false pretences. That is what these proposals mean, and that is why we are united in our opposition to them.

Question put, "That those words be there inserted."

The Committee divided: Ayes, 110; Noes, 234.

Division No. 225.]

AYES.

[11.45 a.m.]

Alexander, A. V. (Sheffield, Hillsbrow)
Ammon, Charles George
Baker, Walter
Barnes, A.
Batey, Joseph
Bowerman, Rt. Hon. Charles W.
Broad, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Charleton, H. C.
Clowes, S.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Duckworth, John
Dunlop, H.
England, Colonel A.

Evans, Capt. Ernest (Welsh Univer.)
Fenby, T. D.
Gardner, J. P.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Grundy, T. W.
Hall, F. (York., W.R., Normanton)
Hall, G. H. (Merthyr Tydfil)
Hamilton, Sir R. (Orkney & Shetland)
Harris, Percy A.
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)

Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield)
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Lansbury, George
Lawrence, Susan
Lawson, John James
Lee, F.
Lindley, F. W.
Lunn, William
Mackinder, W.

MacLaren, Andrew
 Maclean, Nell (Glasgow, Govan)
 March, S.
 Morris, R. H.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W. R., Elland)
 Rose, Frank H.
 Salter, Dr. Alfred
 Scurr, John

Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sitch, Charles H.
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees- (Kelghley)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Strauss, E. A.
 Sullivan, J.
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.

Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wellock, Wilfred
 Welsh, J. C.
 Wiggins, William Martin
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE AYES.—
 Mr. Charles Edwards and Mr.
 Whiteley.

NOES.

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Ainsworth, Major Charles
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atholl, Duchess of
 Atkinson, C.
 Balfour, George (Hampstead)
 Balmlel, Lord
 Barnett, Major Sir Richard
 Barnston, Major Sir Harry
 Beamish, Rear-Admiral T. P. H.
 Bennett, A. J.
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Braithwaite, Major A. N.
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown, Brig.-Gen. H. C. (Berks, Newby)
 Brown-Lindsay, Major H.
 Buchan, John
 Buckingham, Sir H.
 Bullock, Captain M.
 Burman, J. B.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Campbell, E. T.
 Cayzer, Maj. Sir Herbert R. (Prtsmth. S.)
 Cazalet, Captain Victor A.
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colfox, Major William Phillips
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Croft, Brigadier-General Sir H.
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Dalkeith, Earl of
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert

Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Elliot, Major Walter E.
 Ellis, R. G.
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Forrest, W.
 Foxcroft, Captain C. T.
 Gadie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotrian, H. Brent
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Harland, A.
 Harrison, G. J. C.
 Harrington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major J. R. G.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Capt. H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Huntingfield, Lord
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 Jones, G. W. H. (Stoke Newington)

Kidd, J. (Linthgow)
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Little, Dr. E. Graham
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Plicher, G.
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rees, Sir Beddoe
 Remer, J. R.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Roper, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)

Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carington, Neville W.
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang
 Storey-Deans, R.
 Stuart, Crichton, Lord C.

Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Suggden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Templeton, W. P.
 Thompson, Luke (Sunderland)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles

Watson, Sir F. (Pudsey and Otley)
 Wells, S. R.
 Wheler, Major Sir Granville C. H.
 Williams, A. M. (Cornwall, Northern)
 Williams, Herbert G. (Reading)
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Mr. F. C. Thomson and Captain
 Bowyer.

Motion made, and Question put, The Committee divided: Ayes, 230;
 "That the Clause stand part of the Noes, 108.
 Bill."

Division No. 226.]

AYES.

[11.52 p.m.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Alnsworth, Major Charles
 Albery, Irving James
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Amery, Rt. Hon. Leopold C. M. S.
 Appin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atholl, Duchess of
 Atkinson, C.
 Balfour, George (Hampstead)
 Balnlel, Lord
 Barnett, Major Sir Richard
 Barnston, Major Sir Harry
 Beamish, Rear-Admiral T. P. H.
 Bennett, A. J.
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bralthwalte, Major A. N.
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buchan, John
 Buckingham, Sir H.
 Bullock, Captain M.
 Burman, J. B.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Campbell, E. T.
 Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)
 Cazalet, Captain Victor A.
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Coffer, Major Wm. Phillips
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courthope, Colonel Sir G. L.
 Croft, Brigadier-General Sir H.
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Dalkeith, Earl of
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Dawson, Sir Philip

Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Elliot, Major Walter E.
 Ellis, R. G.
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Finburgh, S.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Forrest, W.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadle, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Goff, Sir Park
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotlan, H. Brent
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxford, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major J. R. G.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Hudson, Capt. A. U. M. (Hackney, N.)

Hume, Sir G. H.
 Huntingfield, Lord
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Kintoch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonnell, Colonel Hon. Angus
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Marriott, Sir J. A. R.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw-
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Moreing, Captain A. H.
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Rees, Sir Beddoe
 Remer, J. R.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)

Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carington, Neville W.
 Stanley, Lieut.-Colonel Rt. Hon. G. F.

Steel, Major Samuel Strang
 Storry-Deans, R.
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Templeton, W. P.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.

Warrander, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 Williams, A. M. (Cornwall, Northern)
 Williams, Herbert G. (Reading)
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Captain Margesson and Captain
 Bowyer.

NOES.

Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Barnes, A.
 Batey, Joseph
 Bowerman, Rt. Hon. Charles W.
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Buta)
 Buchanan, G.
 Charleton, H. C.
 Clowes, S.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dafton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Duckworth, John
 Dunnico, H.
 England, Colonel A.
 Evans, Capt. Ernest (Welsh Univer.)
 Fenby, T. D.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Harrie, Percy A.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)

Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Hutchison, Sir Robert (Montrose)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, T.
 Lansbury, George
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lindley, F. W.
 Lunn, William
 Mackinder, W.
 MacLaren, Andrew
 Maclean, Nell (Glasgow, Govan)
 March, S.
 Morris, R. H.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.

Salter, Dr. Alfred
 Scurr, John
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Slitch, Charles H.
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees- (Kelghley)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Strauss, E. A.
 Sullivan, J.
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wellock, Wilfred
 Welsh, J. C.
 Wiggins, William Martin
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, E.)
 Williams, Dr. J. H. (Llanelli)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr.
 Whiteley.

Mr. SNOWDEN: I beg to move, "That the Chairman do report Progress and ask leave to sit again."

It will not be denied that we have made considerable progress to-day, and I think it will be the general wish that we should now adjourn. I think that suggestion will be accepted by the Government.

Mr. CHURCHILL: I cannot deny that we have made very great progress, and, although I had hoped to divide the advantage of getting Clause 9 with that of witnessing the eclipse, I recognise the

reasonableness of the suggestion that has been made. I appreciate the Parliamentary efficiency with which our Debates have been conducted, and that we have covered much ground. The issue in regard to pottery, which is raised by Clause 9, is one on which hon. and right hon. Members opposite feel very strongly, and the President of the Board of Trade is quite prepared to encounter it in the full light of day. There is the question of the Road Fund, which we have a great desire to bring forward for a good debate. There is the question of the Betting Duty, which I understand will be

debated on a new Clause. It is desirable there should be a full Debate on that. Then there is the question of Income Tax. We ought to be able so to arrange our business as to get these issues clearly and well defined, and at the same time to get on with the numerous provisions of this complicated Bill in a satisfactory manner. Believing that I am expressing the feeling in all parts of the House, I shall not resist the proposal that we do report Progress, and ask leave to sit again.

Question put, and agreed to.

Committee report Progress; to sit again upon Thursday, 30th June.

The remaining Orders were read and postponed.

It being after half-past Eleven of the Clock upon Tuesday evening, Mr. Deputy-Speaker (Mr. James Hope) adjourned the House, without Question put, pursuant to the Standing Order.

Adjourned at Six Minutes after Twelve o'Clock.

HOUSE OF COMMONS.

Wednesday, 29th June, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

Wallasey Corporation Bill [*Lords*] (by Order),

West Cheshire Water Board Bill [*Lords*] (by Order),

Second Reading deferred till Friday.

ORAL ANSWERS TO QUESTIONS.

SARDINIA (MRS. DOROTHE BODLEY).

1. Colonel DAY asked the Secretary of State for Foreign Affairs whether his attention has been drawn to the sufferings of Mrs. Dorothe Bodley, a British subject, during the time she was detained by the Italian authorities at Cagliari, Sardinia; whether he has received a full Report from the British Consul at Cagliari of this incident; whether any representations have been made by the Foreign Office to the Italian authorities; and if he is in a position to make a full statement on the subject?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): Yes, Sir. Mrs. Bodley has made to me a statement of her experiences in Sardinia, and her account is confirmed by a report which I have received from His Majesty's Ambassador at Rome who has been in communication with the British Consul at Cagliari. In the circumstances, I am instructing His Majesty's Ambassador at Rome to bring the facts of the case to the notice of the Italian Government with a view to inquiry being made into the incident.

Colonel DAY: Will the hon. Gentleman say whether the report that he has received from the Ambassador relating to this lady will be published?

Mr. LOCKER-LAMPSON: I do not think so.

GEORGIA.

2. Mr. JOHNSTON asked the Secretary of State for Foreign Affairs whether he has now had an opportunity of examining the papers relative to the allegations of Signor Nitti, late Prime Minister of Italy, to the effect that Italy was urged by the Entente Powers to occupy the territory of the Republic of Georgia; and whether he proposes to lay Papers on the subject before the House?

Mr. LOCKER-LAMPSON: I have seen in a book by Signor Nitti, kindly lent to me by the hon. Gentleman, the statement quoted by the hon. Member. As stated in my reply to him of the 20th instant, there seem to have been informal conversations on the subject, of which no record exists, between the representatives of the Italian Government at the Peace Conference and the then Prime Minister, the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George). The records available are not suitable for publication and would only give a partial and possibly misleading account of what passed.

Mr. JOHNSTON: Are we, then, to understand from the hon. Gentleman that the then Prime Minister, the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) did definitely urge the Italian Government to invade and seize the territory of the Republic of Georgia at that time?

Mr. LOCKER-LAMPSON: I do not think I can really go beyond what I have already said in the answer. It was a question whether, as the British troops were being withdrawn from that district, the Italian troops should take their place or not.

Mr. JOHNSTON: Is it the case that Signor Nitti resisted the urgings of the then Prime Minister, declaring them to be a gross violation of all international law, and that Signor Nitti himself secured the abandonment of the enterprise?

Mr. LOCKER-LAMPSON: There is no doubt that the suggestion made did fall through at that time.

Mr. PONSONBY: Is not the absence of any record of these negotiations due to the fact that in those days foreign affairs were all conducted at 10, Downing Street, without the knowledge of the Foreign Office?

Captain CROOKSHANK: Is there also an absence of any record of the views which the leaders of the Socialist party used to hold about the independence of Georgia which they have now given up?

Mr. RILEY: Are we then to take it from what the hon. Gentleman has said that the suggestion made was that Georgia should be seized?

Mr. LOCKER-LAMPSON: I understand the suggestion that was made was that the British troops that were in occupation of the Caucasus at that time should be replaced by Italian troops.

Mr. W. THORNE: Is the hon. Gentleman aware that, as far as we are concerned, we have always declared the right of Georgia to govern herself in her own way?

PERSIA (BRITISH PRIVILEGES).

3. Miss WILKINSON asked the Secretary of State for Foreign Affairs whether any communication has been received from the Government of Persia proposing the termination of the capitulatory rights and privileges at present enjoyed by British and certain other foreign residents at Persia; whether he will inform the House of the terms of any such communication; and whether he will say what reply His Majesty's Government has made or proposes to make?

Mr. LOCKER-LAMPSON: The answer to the first part of the hon. Lady's question is in the affirmative. The gist of the Persian announcement has already appeared in the Press, and I have nothing to add to it at the present time. With regard to the third part of the question, His Majesty's Government have not yet returned a reply to the Persian Government, and it is not customary to state in advance the substance of a note to a foreign Power.

Miss WILKINSON: What is the reason for the communication that has been received from the Persian Government?

Mr. LOCKER-LAMPSON: The Persian Government, I understand, wish to terminate the capitulatory privileges enjoyed by us.

Miss WILKINSON: It is, of course, obvious that they wish to terminate them, but I want to ask the hon. Gentleman why they wish to terminate them?

Colonel WEDGWOOD: May we take it that the suggestion of the Persian Government will receive the very favourable consideration of His Majesty's Government?

Mr. LOCKER-LAMPSON: The proposals of the Persian Government are receiving consideration.

8. Lieut. - Commander KENWORTHY asked the Secretary of State for Foreign Affairs what privileges, capitulations, and immunities are enjoyed by British subjects in Persia; whether these are enjoyed by nationals of other European countries; and which of these privileges is the Persian Government seeking to terminate?

Mr. LOCKER-LAMPSON: The rights which are enjoyed by British subjects in Persia, and which the Persian Government desire to terminate, may be summarised as the privilege of having all cases, civil or criminal, in which they are defendants, tried by extra-territorial jurisdiction, conferred by Order in Council upon the British Consular Court. This right is derived from Article 9 of the Anglo-Persian Treaty of the 4th of March, 1857, whereby most-favoured-nation treatment is guaranteed to British subjects. French citizens and Spanish subjects also enjoy extra-territorial jurisdiction in virtue of the express provisions of their respective treaties with Persia, which are in perpetuity. Various other countries also possessed similar rights guaranteed by their several treaties, but each of these instruments contained a denunciatory clause.

Lieut. - Commander KENWORTHY: May I ask whether, in view of the good government that has been established in Persia and the order that prevails there, we are viewing this matter favourably?

Mr. LOCKER-LAMPSON: I have already stated that the whole of this matter is now engaging the careful consideration of the Government.

Lieut. - Commander KENWORTHY: Does not the Under-Secretary see that if we give up these capitulations in Turkey we can hardly refuse the same concession in Persia?

Mr. SPEAKER: That is a matter of argument.

Sir HARRY BRITTAIN: Is it not the fact that one-third of the entire revenue of Persia is raised by British enterprise?

Mr. RILEY: Has there been any interchange of views on this matter between His Majesty's Government, the Italian Government and the French Government?

Mr. LOCKER-LAMPSON: We are in consultation with the French Government?

GERMANY.

OCCUPIED TERRITORY.

4. **Mr. HARRIS** asked the Secretary of State for Foreign Affairs if he is now in a position to give any date for the termination of the occupation by the Allies of the occupied German territory; and whether the matter has been, or is being, discussed at Geneva?

Mr. LOCKER-LAMPSON: As regards the first part of the question, the answer is in the negative. As regards the second part, I would ask the hon. Member to put down his question when my right hon. Friend has returned. I understand my right hon. Friend is returning on Saturday.

FORTIFICATIONS, EAST PRUSSIA.

5. **Mr. HARRIS** asked the Secretary of State for Foreign Affairs whether the fortifications in East Prussia have been demolished to the satisfaction of the Military Control Commission?

Mr. LOCKER-LAMPSON: The demolition of the fortifications in Eastern Prussia has recently been the subject of discussion with the German Government at Geneva, and I would suggest that the hon. Member should put down his question when my right hon. Friend has re-

turned. I would point out incidentally that the Military Commission of Control was withdrawn from Germany at the end of January last and that only a few experts remain in Berlin attached to their respective Embassies.

Mr. HARRIS: With regard to both these questions, would Monday be a convenient date, or would it be more convenient to postpone them until next Wednesday?

Mr. LOCKER-LAMPSON: I think my right hon. Friend will be answering questions on Monday.

RUSSIAN ARMS AND AMMUNITION (IMPORTS).

11. **Lieut.-Colonel Sir FREDERICK HALL** asked the Secretary of State for Foreign Affairs whether, seeing that the import by Germany from Soviet Russia of poison gas bombs, which it has now been found by the German Courts has been taking place over a considerable period of time, constitutes a breach of the Treaty of Versailles, any assurance has been given by the German Government that there shall be no repetition of this?

Mr. LOCKER-LAMPSON: I am given to understand that the import into Germany, in contravention of Article 170 of the Treaty of Versailles, of arms and ammunition from Russia has now ceased and all transactions in connection with such import have been liquidated. Should any further infractions of the Treaty in this particular respect be brought to light in the future it will, of course, be possible for the question to be brought to the notice of the Council of the League of Nations under Article 213 of the Treaty of Versailles.

Sir F. HALL: Considering that the Article has been broken, does not my hon. Friend think that it is right and advisable to approach the German Government and ask for the assurances which I refer to in the last part of the question?

Mr. LOCKER-LAMPSON: I understand that these transactions took place between subordinate departments of each of the Governments. They were not official transactions between Governments. The German Government have made it quite clear since that they disapproved of these transactions and they have stopped them.

Sir W. DAVISON: Has the Foreign Office any information as to the whole-sale manufacture of poison gas in Russia at the present time?

Colonel GRETTON: Can the Under-Secretary say how many bombs have been imported into Germany in infringement of the Treaty?

Mr. LOCKER-LAMPSON: I must have notice of that question.

Miss LAWRENCE: Is this the gas referred to as Dyer Gas?

Lieut.-Colonel HENEAGE: May I ask whether the bombs in question have been destroyed?

Mr. SPEAKER: That question should be put down.

PASSPORTS AND VISAS (UNITED STATES).

6. **Mr. HANNON** asked the Secretary of State for Foreign Affairs whether any proposals have been received from the Government of the United States for the abolition or reduction of the charges for visas on passports between the United States and this country; and, if so, what action he proposes to take?

Mr. LOCKER-LAMPSON: No further proposals have been received from the United States Government since those of 1925, which are fully dealt with in Command Paper 2746 of 1926.

Mr. HANNON: Has not the time arrived to approach the United States, so that these excessive charges on visas can be done away with altogether.

Lieut.-Colonel HOWARD-BURY: Is it not a fact that these visas act as a form of Imperial Preference by inducing our people to go to Canada instead of to the United States?

Mr. LOCKER-LAMPSON: The last time we attempted to deal with this question unfortunately only a very one-sided bargain was proposed by the United States, that we should waive the whole of our visas and that they should merely reduce the fees.

Sir WILLIAM DAVISON: Stick to your guns.

CHINA (SITUATION).

7. **Colonel DAY** asked the Secretary for Foreign Affairs whether he will make a statement to the House on the present position in China; and whether there has been any recent alteration in China of the military or naval forces belonging to Great Britain?

9. **Lieut. - Commander KENWORTHY** asked the Secretary of State for Foreign Affairs whether there is any marked change in the military and political situation in China since he last described the situation to the House; and whether any negotiations of any kind are in progress with the Chinese authorities at Nanking or Hankow as to the position of our nationals and their properties and trade in the areas controlled by those Governments?

Mr. LOCKER-LAMPSON: The military situation in China remains substantially as stated in my reply to the hon. Member for Central Southwark (Colonel Day) on the 13th of June last. It is understood that negotiations between the various military leaders are proceeding, which appear to have resulted in an agreement between Generals Chiang Kai-shek and Feng Yu-hsiang. General Chiang Kai-shek with his Nationalist armies is invading Shantung Province. General Feng in Honan Province is making no forward movement at present.

On the 18th of June Chang Tso-lin was installed as Commander-in-Chief for the Army and Navy, and a new Cabinet was formed in Peking under the premiership of Pan Fu.

A local revolution took place in Yunnan on the 19th of June, when the control of the Government was wrested from a moderate Nationalist leader by one of a less moderate type.

On the 23rd of June a Chinese raiding party, consisting of an officer and 50 soldiers, boarded a hulk at Chinkiang belonging to a British shipping company with the object of searching a British river steamer. A landing party from His Majesty's Ship "Verity" was sent, and found the officer and 10 soldiers still on board; these were driven off with truncheons. The officer in charge of the raiding party has since been reprimanded by the local Chinese authorities.

[Mr. Locker-Lampson.]

In addition to the battalion transferred to Tientsin, one battalion has been sent to Wei-hai-wei for the defence of the convalescent depot established there for sick soldiers from Shanghai. The only naval change is that His Majesty's Ship "Enterprise" has proceeded from the China Station to the East Indies Station and His Majesty's Ship "Emerald" will do so shortly.

No negotiations are in progress with the Chinese authorities at Nanking or Hankow, but His Majesty's Consular Officers continue to deal with them regarding specific cases involving British interests as they arise.

Colonel DAY: Can the hon. Gentleman say whether there have been any casualties since the last statement he made amongst our forces in China?

Mr. LOCKER-LAMPSON: Not that I know of.

Colonel WEDGWOOD: Can the hon. Gentleman say whether the situation in Shanghai is still considered sufficiently dangerous to necessitate the retention of those armed forces?

Mr. LOCKER-LAMPSON: If we did not think that the situation necessitated it, we should not retain our forces there.

Colonel WEDGWOOD: Are they being retained there because of the present danger, or merely because of the expense of bringing them back?

Mr. LOCKER-LAMPSON: During a period of civil war there must always be danger.

Colonel WEDGWOOD: Will they remain there for ever?

Mr. THURTELL: Can the hon. Gentleman say whether his Department has any information as to the present relations existing between Hankow and Nanking—between Chiang Kai-shek and the Hankow Government?

Mr. LOCKER-LAMPSON: All I can say is, that we believe that Chiang Kai-shek regards the Communist element in Hankow with very little favour.

Mr. W. THORNE: May I ask, for about the tenth time, if the hon. Gentleman can state whether anyone outside is

making an effort to bring this unfortunate quarrel between the two sections in China to an end?

Mr. WALLHEAD: May I ask whether His Majesty's Government attributes the more recent developments between these various armies in Northern China to machinations from Moscow?

Mr. SPEAKER: Hon. Members should put those questions down on the Paper.

CONSTANTINOPLE LOAN, 1909.

10. **Sir FREDRIC WISE** asked the Secretary of State for Foreign Affairs what is the position of the bondholders of the Constantinople Loan, 1909, which has as a security the Galata bridge tolls?

Mr. LOCKER-LAMPSON: Since the reply which I gave to my hon. Friend on the 22nd of February last, I have not received any information on the subject beyond what has appeared in the Press.

ARMS (PRIVATE MANUFACTURE).

12. **Mr. DALTON** asked the Secretary of State for Foreign Affairs whether he can give any information regarding the draft texts, prepared in view of a Convention on the supervision of the private manufacture of arms and submitted to the Council of the League of Nations, by the special Commission appointed for this purpose?

Mr. LOCKER-LAMPSON: The draft texts which will come before the Conference were issued to the representatives of the Press at Geneva during the recent meeting of the Council. They will in due course be published in the League of Nations Official Journal, which can be purchased in this country.

ROYAL NAVY.

CANTEENS.

13. **Mr. HORE-BELISHA** asked the First Lord of the Admiralty whether he has received a request from the Naval Canteen Service regarding the placing of all canteens under the management of the Navy, Army and Air Force Institutes; and, if so, what action he proposes to take in the matter?

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): A resolution to this effect which was passed at the last Headquarters Naval Canteen Committee has been communicated to the Admiralty and is receiving consideration.

OIL DISCHARGE.

14. Mr. HORE-BELISHA asked the First Lord of the Admiralty whether it is to be understood, since the Admiralty have a special barge equipped with oil-separating plant at Portsmouth, that this barge is universally used and that no vessel in that area now discharges oil into the sea within a radius of 50 miles?

Lieut.-Colonel HEADLAM: The oil separating barge at Portsmouth is used on every possible occasion. The answer to the second part of the question, so far as His Majesty's Ships and Naval Auxiliaries are concerned, is in the affirmative.

Mr. HORE-BELISHA: Can the hon. and gallant Member say what is done with the oil when the barge is not used? Is it discharged into the sea?

Lieut.-Colonel HEADLAM: I have already referred the hon. Member to an answer in which it is stated that it is not discharged into the sea. It is taken out into the open sea in the way I told him the other day.

TUG MASTERS.

15. Mr. HORE-BELISHA asked the Parliamentary Secretary to the Admiralty what action it is proposed to take as a result of the representations made by the Association of First-class Masters of His Majesty's Tugs to the Civil Lord of the Admiralty and representatives of the Treasury, on 11th August, 1926, regarding increased remuneration and improved conditions of status and service for members of the association?

Lieut.-Colonel HEADLAM: I have nothing to add to my reply of the 9th May (OFFICIAL REPORT, column 45).

UNEMPLOYMENT.

DURHAM COUNTY.

18. Mr. SPOOR asked the Minister of Labour if he is aware of the amount of

distress in the district of Bishop Auckland, county Durham; whether he is aware that numbers of collieries are closing down and that men are being removed from the unemployment register without adequate reason and being compelled to apply to the board of guardians for relief; and whether he will cause an inquiry to be made with a view to having this district regarded as a necessitous area?

The PARLIAMENTARY SECRETARY to the MINISTRY of LABOUR (Mr. Betterton): As stated by my right hon. Friend the Secretary for Mines on Thursday last, in reply to a question by the hon. Member for Houghton-le-Spring (Mr. R. Richardson) regarding mining areas generally, His Majesty's Government are aware of the present conditions in the mining industry, and are giving the matter their special consideration. I am unable to agree with the allegation that men are being removed from the register without adequate reason.

Mr. SPOOR: Is the hon. Member aware that large numbers of men who are thrown out of work as a result of these conditions are men with an experience of 30 and 40 years or more in mining, and that there is not the slightest doubt of their being reinstated under present conditions. To talk of alternative employment for such men is altogether absurd, if not really a fraud.

BRISTOL.

44. Mr. W. BAKER asked the Prime Minister whether he is aware that between 5,000 and 6,000 persons in the city of Bristol are in receipt of unemployment benefit each week and that 900 persons are signing weekly without the receipt of benefit; whether he is aware that for the week ending 25th May, 2,107 men, 2,125 women and 4,647 children, a total of 8,879 men, women and children were in receipt of relief from the guardians, the total cost for the week being £2,536 18s. 10d.; and whether, having regard to the position in the city of Bristol created by the long continued period of unemployment, he will consider additional relief schemes?

Mr. BETTERTON: I am aware that the number of persons in receipt of unemployment benefit and relief from the guardians is substantially as stated in

[Mr. Betterton.]

the question. Schemes of work for the relief of persons unemployed are initiated by local authorities who are, I think, generally aware that schemes which satisfy the conditions for a grant from State funds should be submitted to the Unemployment Grants Committee.

Mr. W. THORNE: Is it not the case that in consequence of the Chancellor of the Exchequer "pinching" £12,000,000 out of the Road Fund, local authorities are prevented from carrying out much useful work?

TRADE UNIONS (STATISTICS).

19. **Mr. ROSE** asked the Minister of Labour if he is aware that no statistics of trades unions have been issued by the Registrar-General dealing with developments later than 1924; if he can explain the delay; and will he take measures to expedite the publication of particulars in connection with the years 1925 and 1926?

Mr. BETTERTON: A statistical summary showing the operations of registered trade unions for the year 1925 was issued by the Chief Registrar of Friendly Societies in January, 1927. A similar summary for 1926 will be published towards the end of this year. The summaries are published within five months or less of the receipt of the returns containing the particulars. The returns have to be examined and abstracted before the totals can be arrived at, and there is no avoidable delay in their publication. Part 4 of the Report of the Chief Registrar, containing details as to the operations of trade unions is necessarily published sometime after the summary. That for the year 1926, dealing with the figures for 1925, should be ready about the end of October next.

ROYAL AIR FORCE.

MOORING MASTS, SOUTH AFRICA.

20. **Colonel DAY** asked the Secretary of State for Air whether the Government of the Union of South Africa have placed with the Air Ministry a contract for material for the erection of a standard mooring mast in South Africa for the use of the new Empire airships; what is the total cost of such material; and will the whole cost of this be defrayed by the South African Government?

The UNDER-SECRETARY of STATE for AIR (Sir Philip Sassoon): As regards the first two parts of the question, the Government of the Union of South Africa have requested the Air Ministry to place on their behalf a contract for a mooring mast base in that country, but the details have not yet been settled. The actual expense that will be involved cannot therefore be definitely stated. The answer to the last part of the question is in the affirmative.

Colonel DAY: Can the Under-Secretary say whether the Air Ministry has been requested by any other Government to provide mooring masts?

Sir P. SASSOON: That does not arise out of this question, but I believe the Government of Canada have asked for mooring masts.

Sir W. DAVISON: Can my hon. Friend say whether these mooring masts are now being made with lifts? Is he aware that hon. Members who went to Pulham about a year and a-half ago found that the climb of a hundred and forty foot vertical ladder rather a bit of a strain?

AUXILIARY AIR FORCE (FLYING OFFICERS).

21. **Lieut.-Commander KENWORTHY** asked the Secretary of State for Air the age limits for qualified pilots joining the Auxiliary Air Force

Sir P. SASSOON: The minimum age limit for appointment to a commission in the Auxiliary Air Force for flying duties is 18 years. The maximum age limits for appointment are as follows:

Pilot or Flying Officer ...	25 years.
Flight Lieutenant ...	30 "
Squadron Leader ...	35 "
Wing Commander ...	40 "

The Air Council have discretionary power to give special consideration to the application of any candidate who is over the age limit but who is otherwise suitable.

DISPLAY, HENDON.

22. **Mr. RENNIE SMITH** asked the Secretary of State for Air if he can furnish particulars of the forthcoming air display at Hendon?

Sir P. SASSOON: The display, as in previous years, will be fully representative of the different aspects of the work of the Royal Air Force, and will

afford the public an opportunity of witnessing the progress made in both civil and military aeronautics. Particulars of the more important events have appeared in the Press and in numerous advertisements and posters.

Miss WILKINSON: Does the Under-Secretary think that displays like the bombing of villages, which I understand is part of this display, are suitable for young children to witness?

Mr. MONTAGUE: May I ask whether the Air Ministry will consider importing a few real barbarians for this display?

Colonel GRETTON: Can the Under-Secretary say whether this display will entail any cost on the Exchequer?

Sir P. SASSOON: No, certainly not.

Miss WILKINSON: May I ask, if my question is not out of order, whether I am not entitled to an answer?

Mr. SPEAKER: The hon. Member's question is more appropriate to the next question on the Paper.

23. Mr. RENNIE SMITH asked the Secretary of State for Air if he can give the names of the education authorities and other bodies which have been invited to send children to witness the air display at Hendon; what has been the response; and how many children are likely to attend?

Sir P. SASSOON: As regard the first part of the question, 73 invitations to the Royal Air Force display rehearsal on 1st July have been issued to education committees in the Metropolitan area and the Home Counties. Invitations have also been issued to Boy Scouts, Girl Guides and Church Lads' Brigades. I do not think that a list of the committees and bodies to whom the invitations have been sent would serve any useful purpose. As regards the remaining parts of the question, 50 invitations have been accepted up to the present, but I cannot give an estimate of the number of children who are likely to attend.

Miss WILKINSON: Can I ask now the question that I asked previously, namely, whether the Under-Secretary considers that these displays are suitable for young children to witness?

Sir P. SASSOON: Certainly.

Mr. THURTLÉ: Is the hon. Baronet aware that all these children in their schools are taught the Sermon on the Mount? Does he not think that there is some contradiction between the doctrine of the Sermon on the Mount and this particular display at Hendon?

Sir H. BRITAIN: Is it not a great deal better for them to witness British pluck in the air than to pay a visit to Soviet Russia?

Mr. PONSONBY: Will the hon. Baronet state whether the display will include a demonstration of the effects of poison gas?

Viscountess ASTOR: The display is not only for military purposes, surely? Is it not true that aviation may become a great commercial asset to this country, and that this display is not of value only for war purposes?

GOVERNMENT DEPARTMENTS.

LAND REGISTRY (MESSENGERS).

24. Mr. KELLY asked the Attorney-General whether, seeing that Award A81 of the Civil Service Arbitration Board stipulated that the rates of pay and conditions therein laid down applied to all messengers in all London offices, he will see that these terms are granted to the messengers employed at His Majesty's Land Registry as from the date of the Award A81; whether he is aware that the reorganisation scheme for messengers at His Majesty's Land Registry, which was introduced in 1923, was never discussed by the Departmental Whitley Council nor with the representatives of the society to which the men belong; and whether, in these circumstances, he will see that the request for the full application of Award A81 is granted?

The ATTORNEY-GENERAL (Sir Douglas Hogg): The men employed in His Majesty's Land Registry were not members of the classes to which Award A81 applied, their conditions of service and appointment and the method of their recruitment being different from those of the messengers in London offices referred to in the hon. Member's question. Full details of the reorganisation scheme of 1923 were explained to the representatives of the society to which the men belonged, and accepted by them,

[The Attorney General.] except on one point, which is not now material. In these circumstances the request cannot be granted.

Mr. KELLY: Was the notification which was made to a particular society made within recent months?

The ATTORNEY-GENERAL: I do not know what the date is, but I will ascertain for the hon. Gentleman.

OFFICE OF WORKS (SIR FRANK BAINES).

25. **Captain CROOKSHANK** asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether he proposes to reduce the staff of his Department, in view of the fact that it was thought possible for one of his senior officials to accept an outside contract while employed on full-time work in his Department?

The UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking for The FIRST COMMISSIONER of WORKS): It has been decided to abolish the post of Director of Works on the retirement of Sir F. Baines from the service on or about the 1st September next.

26. **Mr. R. MORRISON** asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether the conditions under which Sir Frank Baines was employed in the Government service permitted him to enter into a contract for service with a private company without the consent of the First Commissioner?

Captain HACKING: The conditions under which architects and other professional officers in the Department are allowed to accept commissions in their professional capacity from individual persons or private firms were given in detail in my reply to the hon. Member's question on the 26th May. The whole question for the future is under consideration.

40. **Mr. R. MORRISON** asked the Financial Secretary to the Treasury the amount of the pension to be paid to Sir Frank Baines upon his retirement from the Government service on 1st September?

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): I

am not yet in a position to give this information, as the Treasury are still awaiting the detailed particulars necessary for the determination of the amount to be awarded under the provisions of Section 7 of the Superannuation Act, 1859.

Mr. HARDIE: Can any civil servant, while in the employ of the Government, undertake any work under any form of contract?

Mr. McNEILL: I could not answer that question in such general terms without notice.

Mr. MORRISON: In view of the fact that this civil servant has been retired compulsorily because he was unable to get out of a contract that he had made with a private company, can the right hon. Gentleman say whether he is entitled to the same rate of superannuation as he would have received if he had served his term in the ordinary way?

Mr. McNEILL: His superannuation will be on a different basis altogether, and, as I have already told the hon. Member, I cannot yet state what the amount will be.

Mr. HARDIE: Is it a fact that this civil servant, while in the employ of the Government, was taking contract work from private firms outside? Is that the case or is it not?

Sir H. BRITTAIN: Is it not also a fact that he did a good day's work for the Department?

Mr. SPEAKER: That question about the particular case should be addressed to the Office of Works. A question was put on that matter two or three days ago.

SALARIES.

37. **Mr. HORE-BELISHA (for Mr. E. BROWN)** asked the Financial Secretary to the Treasury what are the percentages of civil servants earning less than £3 a week, £3 to £3 10s., £3 10s. to £4, £4 to £5, etc., up to £500 a year?

Mr. McNEILL: I would refer the hon. Member for Leith (Mr. Brown) to the answer I gave to an identical question put by him on the 23rd June.

KING'S ROLL.

38. **Mr. HORE-BELISHA (for Mr. E. BROWN)** asked the Financial Secretary to the Treasury how many Government

Departments and Government industrial establishments, respectively, are on the King's Roll?

Mr. McNEILL: I would refer the hon. Member for Leith (Mr. Brown) to the answer which I gave to him on the 5th May last.

Sir W. DAVISON: Can the right hon. Gentleman say whether all local authorities are now on the King's Roll?

Mr. W. THORNE: Is Kensington?

Sir W. DAVISON: Yes.

CONTINENTAL MEAT (EMBARGO).

28. **Mr. W. THORNE** asked the Minister of Agriculture whether he is aware of the fact that Sweden is clear of foot-and-mouth disease; that the Netherlands reported last month only three cases in total in place of thousands reported this time last year; that Friesland has been clear for some period now; and whether he intends raising the embargo, particularly for Dutch meat?

The MINISTER of AGRICULTURE (Mr. Guinness): I am aware that the incidence of foot-and-mouth disease has diminished in Western Europe during the past few months, but in May there were five outbreaks in Sweden and 26 in the Netherlands, four of which occurred in the Province of Friesland. I will circulate in the OFFICIAL REPORT details of the cases in Western European countries during the present year. In view of the grave risk of the disease spreading between contiguous countries with extensive land boundaries, I cannot contemplate a withdrawal of the embargo on Continental meat until I am satisfied that all the Western European countries are comparatively free from foot-and-mouth disease for a period long enough to ensure that the disease is under effective control.

Mr. THORNE: Is the right hon. Gentleman not aware that in consequence of this embargo on foreign meat, the Government are reducing the real wages in this country of about 18,000,000 wage-earners?

Mr. GUINNESS: I do not think it can be shown that there has been any appreciable rise in the price of meat throughout the country. It is also very important

to realise that we have saved a great deal of money to the State by stamping out foot-and-mouth disease in this country.

Mr. THORNE: The Minister must be aware that in consequence of the embargo, the Government have raised the price of meat from a halfpenny to a penny per pound.

Following is the statement:

The following statement shows the number of outbreaks of foot-and-mouth disease in the countries mentioned during 1927:

Total—January to May, 1927.			
Norway ...	...	...	4
Sweden ...	...	...	156
Denmark ...	...	...	1,692
Germany ...	...	...	7,036
Netherlands ...	...	...	596
Belgium ...	...	...	587
France ...	...	...	2,392
Poland ...	...	...	8,935

TELEPHONE SERVICE.

29. **Sir H. BRITTAIN** asked the Postmaster-General whether, seeing that Great Britain possesses but 31 telephones per 1,000 inhabitants as compared with Australia's 68, New Zealand's 94, and Canada's 130, he is assured that everything possible is being done to increase the telephone service in this country by every available means?

The POSTMASTER-GENERAL (Sir William Mitchell-Thomson): I am satisfied that the steps taken by the Post Office to extend and develop the telephone service of Great Britain are designed to secure the best results and that no effort is spared in the pursuance of this object.

Sir H. BRITTAIN: May I ask the right hon. Gentleman, who is a true business man, whether any big commercial concern would be unable to make a statement as to the amount spent per annum in publicity and canvassing? That is admittedly the case with the Post Office.

Sir W. MITCHELL-THOMPSON: I do not think that is so. It is impossible to deal with this matter by means of question and answer. I have already told my hon. Friend that the Contracts Branch is a separate Branch, and I am perfectly prepared to give the figures for that Branch.

Colonel DAY: Is it not a fact that many people who have signed contracts for telephones even now cannot get them fitted up speedily?

Viscountess ASTOR: Would it not be better for the Government to advertise increased telephone facilities instead of drink in Post Office publications?

FRANCE (COAL IMPORTS).

30. **Sir F. WISE** asked the Parliamentary Secretary to the Overseas Trade Department the imports of coal into France from Britain, Germany, and the United States from 1st January to as convenient a date as possible for the years 1914 and 1927, respectively?

The **PARLIAMENTARY SECRETARY to the BOARD of TRADE (Sir Burton Chadwick)**: With my hon. Friend's permission, a table will be circulated in the **OFFICIAL REPORT** giving the information he asks for.

Following is the table:

Country whence Imported.	January to April.	
	1914.	1927.
	Tons.	Tons.
Great Britain ...	4,141,483	3,081,205
Germany ...	1,362,481	†2,909,715
United States of America	*	451,091

*Not recorded: the total imports from the United States of America during 1914 only amounted to 29,962 tons.

†Includes deliveries from Germany on account of Reparations amounting to 2,014,759 tons.

In comparing these figures, the following differences in the scope of the French statistics should be borne in mind:

(1) Alsace Lorraine is included in the France of 1927 but not in that of 1914, and the Saar Territory is now treated for the purposes of the trade records as part of France. Thus, the French returns of imports now include imports into Alsace-Lorraine from Germany, and exclude imports from the Saar Basin.

(2) Foreign coal used in French ports for bunkering purposes on French ships in the foreign trade was excluded from the record of imports in 1914, but is now

included in that record. The total amount of these bunkers in January-April, 1914, was 399,718 tons.

GIRL'S DEATH, INVERGOWNE.

Mr. JOHNSTON asked the Under-Secretary of State for Scotland whether he is aware that a girl was found drowned at Invergowne on 12th June, her body kept in an outhouse for a week, and then buried unidentified and without being photographed; and whether he is satisfied that all proper and possible steps have been taken by the authorities?

The **SECRETARY of STATE for SCOTLAND (Sir John Gilmour)**: Inquiries about the case referred to in the question are in progress, but my information is not yet complete. Perhaps the hon. Member will repeat his question next week.

SOLICITATION LAWS.

32. **Viscountess ASTOR** asked the Secretary of State for the Home Department if the promised Committee of Inquiry on the Solicitation Laws has yet been appointed; and, if not, if he can now say when it will be appointed, and what will be the terms of reference?

The **UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking)**: It is proposed that the Terms of Reference of this Committee shall be to inquire into the law and practice regarding offences against the criminal law in connection with prostitution and solicitation for immoral purposes in streets and public places, and other similar offences against decency and good order, and to report what changes (if any) are in their opinion desirable. My right hon. Friend hopes to complete at an early date the selection of members to serve on this Committee.

RUSSIANS (DEPARTURE).

33. **Sir F. HALL** asked the Home Secretary whether the member of the Soviet Mission in London who was warned to leave this country but had not done so recently, has yet left and, if not, what is the name and record of this person; and what steps are being taken to expedite his departure?

Captain HACKING: Yes, Sir. This individual left on the 22nd instant. When my right hon. Friend made his statement on 23rd instant the previous day's reports had not come in.

FINANCE BILL.

INCOME TAX AND SUPER-TAX.

35. Sir JOHN MARRIOTT asked the Chancellor of the Exchequer the number of persons assessable to Income Tax and the number assessable to Super-tax for the year ending 31st March, 1927, or the latest date available?

Mr. R. McNEILL: My hon. Friend will find the latest estimates of the numbers of taxpayers in Tables 53 and 67 of the 69th Annual Report of the Commissioners of Inland Revenue.

DIRECT AND INDIRECT TAXATION (RATIO).

36. Sir J. MARRIOTT asked the Chancellor of the Exchequer the ratio between direct and indirect taxation for each of the years ending 31st March, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, and 1927?

Mr. McNEILL: With my hon. Friend's permission, I will circulate these figures in the OFFICIAL REPORT.

Following are the figures:

The ratio between the yield of direct taxation, including Excess Profits Duty and indirect taxation was:

	Direct.	Indirect.
Year to 31st March,		
1919	79.5*	20.5
1920	72.0*	28.0
1921	68.16*	31.84
1922	62.71	37.29
1923	64.42	35.58
1924	63.46	36.54
1925	66.93	33.07
1926	65.99	34.01
1927	64.43	35.57
The pre-War figure was	57.5	42.5

*Includes very large payments for Excess Profits Duty.

EMPIRE MARKETING BOARD.

41. Major BRAITHWAITE asked the Secretary of State for the Colonies what sums of money have been used by the Empire Marketing Board to advertise and sell the home-grown products of the British farmer?

The SECRETARY of STATE for the COLONIES (Mr. Amery): No special allocation of the sums devoted by the Empire Marketing Board to advertising is made between the different parts of the Empire, but the policy of the Board's advertising is to encourage the public to ask first for the produce of their own country and next for the produce of the oversea parts of the Empire.

Major BRAITHWAITE: May I ask whether, in the depressing conditions of agriculture at the present time, some of this money could not usefully be allocated to helping our own farmers?

Mr. AMERY: This is money given in pursuance of a pledge, specifically in lieu of certain preferences which would have benefited the Dominions, but, by agreement with the other Governments of the Empire, the money is largely used for the help of agriculture.

Mr. HARDIE: Has it come under the view of the Government that owing to the lack of transport and other conditions obtaining in the North of Scotland, practically the whole of the produce there is being lost?

FEDERATED MALAY STATES (WOMEN AND GIRLS).

42. Viscountess ASTOR asked the Secretary of State for the Colonies whether, seeing that the Government has approved an amendment to the Federated Malay States Women and Girls Protection Enactment, whereby a prostitute suspected of being venereally diseased may be compulsorily examined, he will explain the reason for authorising this amendment, which appears to be inconsistent with the general principles laid down in the 1925 Report of the Advisory Committee to the Colonial Office on Singapore; and whether he will call this Committee together again to consider this amendment, and others of a like character, and report upon them?

Mr. AMERY: The object of the amendment is to prevent brothel-keepers from evading the provisions of the law which prohibits their permitting a woman suffering from contagious disease to remain in the brothel. There was previously no power to order the medical examination of a prostitute. Thus the object of the law has been defeated by

[Mr. Amery.]
brothel-keepers instigating prostitutes to object to medical examination. There is no question of any general compulsory and periodical examination. The amendment has received my approval, and I do not consider it necessary to call the former Committee together again to consider it.

BRITISH GUIANA.

43. **Mr. AMMON** asked the Secretary of State for the Colonies whether the statement containing the comments of the financial representative of the Combined Court, British Guiana, upon the Report of the Parliamentary Commissioners who visited British Guiana last winter will be presented to Parliament, so that Members may have an opportunity of considering it in connection with the Report of the Commissioners?

Mr. AMERY: I have not yet received the statement of the views of the elective section of the Combined Court, which I understand is on its way. The question of its presentation to Parliament, together with any other papers on the subject, will be considered when it has been received.

LEAGUE OF NATIONS ASSEMBLY (BRITISH DELEGATION).

45. **Mr. BRIANT** asked the Prime Minister if he will consider the advisability of including a woman as a fully accredited delegate in the Government's delegation to the Assembly of the League of Nations next September at Geneva?

Mr. LOCKER-LAMPSON: A woman will be included in the British Delegation to the next Assembly, which will be composed as follows:

Delegates:

The Secretary of State for Foreign Affairs.

The Chancellor of the Duchy of Lancaster.

Sir Cecil Hurst, Legal Adviser to the Foreign Office.

Substitute Delegates:

The Earl of Onslow, Under-Secretary of State for War.

Sir Edward Hilton Young, M.P.

Major Walter Elliot, Under-Secretary of State for Scotland.

Dame Edith Lyttelton.

The substitute delegates receive credentials in the same form as the delegates, and, in practice, their functions differ hardly at all.

Miss WILKINSON: Is it not possible to include a woman as a fully accredited delegate, since the right hon. Gentleman must know perfectly well that a substitute delegate at Geneva has not the same status as a fully accredited delegate would have?

Viscountess ASTOR: Hear, hear!

Mr. LOCKER-LAMPSON: I think the hon. Ladies are under a misapprehension. Substitute delegates are fully accredited, and, if one of the delegates is absent, a substitute delegate takes the absent delegate's place. They have exactly the same standing.

Miss WILKINSON: Is it not the case, on the hon. Gentleman's own statement, that while the fully accredited delegates attend and take their part in the proceedings, a substitute delegate is only able to take a full share in the deliberations if a fully accredited delegate is absent? How does the hon. Gentleman reconcile his own statement with his reply?

Mr. THURTLÉ: Will the Government see that all delegates sent to represent this country at Geneva are the best delegates possible, irrespective of sex?

Mr. LOCKER-LAMPSON: I think the list which I have read out shows that they are. The substitute delegates take a full part in the deliberations. They take their full share. We made a similar arrangement last year, and it was regarded with full satisfaction by all parties concerned.

Viscountess ASTOR: Is it not true that other countries, Germany for instance, send a woman as a fully-accredited delegate, and not as a substitute?

HOUSE OF LORDS.

47. **Mr. BRIANT** asked the Prime Minister if he will make provision for the inclusion of women in the Upper House in any proposals to be submitted to the Houses of Parliament?

46 and 48. **Mr. LANSBURY** asked the Prime Minister (1) whether it is intended that women shall be eligible to serve as elected Members of the House of Lords;

(2) whether, in connection with the scheme for the reform of the House of Lords, any decision has been arrived at with regard to the payment of salaries to elected members?

The CHANCELLOR of the EXCHEQUER (Mr. Winston Churchill): It is premature to answer these Questions of detail, but no doubt an opportunity will soon arise to discuss them in Debate.

Mr. CLYNES: Are we to take that answer as meaning that the Government have no statement to make in this House on the question of House of Lords reform until the Debate has been begun in this House?

Mr. CHURCHILL: I think, on the whole, that would be a fairly safe conclusion to draw.

Mr. BRIANT: Does the right hon. Gentleman regard the inclusion of women as only a detail of the scheme; and, considering that the number of women voters at the next Election promises to be larger than the number of men voters, would it not be wise and just if women were included in the Upper Chamber?

Mr. CHURCHILL: I think the answer to that question is fully conveyed in the answer which I have already given.

Sir F. HALL: Would it not solve all these difficulties if the Government were to leave alone this question of extending the franchise to women of 21?

Lieut.-Commander KENWORTHY: Is it not a fact that the Government have abandoned these proposals for the present?

Mr. CHURCHILL: No, Sir. I have not heard of anything that could justify me in making a statement of that kind.

Sir COOPER RAWSON: Is the right hon. Gentleman able to say whether the author of Question 48 on the Paper is looking ahead?

TEACHERS' SALARIES, COVENTRY.

27. **Mr. HORE-BELISHA** (*for Mr. ERNEST BROWN*) asked the President

of the Board of Education whether he is aware that teachers serving under the Coventry Education Authority are not receiving salary increments in accordance with paragraph 3 (a) (11) of the Third Report of the Joint Standing Committee and the Board's Regulations thereon; and whether, seeing that such teachers are entitled to either one increment at the conclusion of two years' service or seven-twelfths at the commencement of the financial year after serving one year and seven months, he will take the necessary steps to secure that the Coventry Education Authority adjust the increments in accordance with the standard scales and the Board's Regulations thereon?

The PARLIAMENTARY SECRETARY to the BOARD of EDUCATION (Duchess of Atholl): My right hon. Friend has received no representations on this matter, and as the Burnham Report provides machinery for its interpretation he sees no present ground for intervention on his part.

NEW MEMBER SWORN.

NIGEL CLAUDIAN DALZIEL COLMAN, esquire, for the Borough of Lambeth (Brixton Division).

MESSAGE FROM THE LORDS.

That they have agreed to,

Amendments to—

Yorkshire Electric Power Bill [*Lords*], without Amendment.

PRIVATE LEGISLATION PROCEDURE (SCOTLAND) ACT, 1899.

The **CHAIRMAN** of WAYS and MEANS reported, That, after conferring with the Chairman of Committees of the House of Lords, for the purpose of determining in which House of Parliament the respective Bills introduced pursuant to the provisions of the Private Legislation Procedure (Scotland) Act, 1899, should be first considered, they had determined that the following Bill should originate in the House of Lords, namely:—

Dundee Corporation (Substituted Bill).

Report to lie upon the Table.

Pier and Harbour Provisional Orders (No. 2) Bill,

Reported, with Amendments [Provisional Orders confirmed];

Report to lie upon the Table.

Bill, as amended, to be considered To-morrow.

Maidstone Corporation (Trolley Vehicles) Provisional Order Bill,

Reported, without Amendment [Provisional Order confirmed]; Report to lie upon the Table.

Bill to be read the Third time To-morrow.

Mexborough and Swinton Tramways Company (Trolley Vehicles) Provisional Order Bill,

Reported, with Amendments [Provisional Order confirmed]; Report to lie upon the Table, and to be printed.

Bill, as amended, to be considered To-morrow.

Southend-on-Sea Corporation (Trolley Vehicles) Provisional Order Bill,

Reported, with Amendments [Provisional Order confirmed]; Report to lie upon the Table.

Bill, as amended, to be considered To-morrow.

Rotherham Corporation (Trolley Vehicles) Provisional Order Bill,

Reported, without Amendment [Provisional Order confirmed]; Report to lie upon the Table.

Bill to be read the Third time To-morrow.

Bognor Gas and Electricity Bill [*Lords*],
Maidstone Water Bill [*Lords*],

Littlehampton Harbour and Arun Drainage Outfall Bill [*Lords*],

Reported, with Amendments; Reports to lie upon the Table, and to be printed.

St. Catharine's College, Cambridge (Canonship of Norwich) Bill [*Lords*],

Reported, without Amendment; Report to lie upon the Table, and to be printed.

Bill to be read the Third time.

CHAIRMEN'S PANEL.

Mr. WILLIAM NICHOLSON reported from the Chairmen's Panel; That they had

appointed Sir Samuel Roberts to act as Chairman of Standing Committee A (in respect of the Wild Birds' Protection Bill).

Report to lie upon the Table.

SELECTION (STANDING COMMITTEES).

STANDING COMMITTEE A.

Mr. WILLIAM NICHOLSON reported from the Committee of Selection; That they had discharged the following Member from Standing Committee A: Brigadier-General Warner; and had appointed in substitution: Sir Alfred Hopkinson.

Report to lie upon the Table.

WRITTEN ANSWERS.

GOVERNMENT DEPARTMENTS.

INDIA OFFICE (TYPISTS).

Mr. TOWNEND asked the Under-Secretary of State for India what is the number of Grades 1 and 2 shorthand typists, and Grades 1 and 2 copying typists, respectively, employed by his Department; and what is the average length of service of those concerned?

Earl WINTERTON: The numbers are as follow:

Shorthand Typists, Grade I	...	1
Shorthand Typists, Grade II	...	1
Copying Typists, Grade I	...	5
Copying Typists, Grade II	...	2

The average length of service of those concerned is two years and nine months.

(*Note.*—Only the temporary typing staff is classified in grades, not the established staff.)

OFFICE OF WORKS (TYPISTS).

Mr. TOWNEND asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, what is the number of Grades 1 and 2 shorthand-typist and Grades 1 and 2 copying typists, respectively, employed by his Department; and what is the average length of service of those concerned?

Captain HACKING (for the FIRST COMMISSIONER of WORKS): The numbers of temporary shorthand typists and temporary typists employed in the Office of Works are as follow:

Grade I.—Shorthand Typists ...	15
Grade II.—Shorthand Typists ...	9
Grade I.—Typists ...	5
Grade II.—Typists ...	6
Grade III.—Typists... ..	1

Of these, eight have served for less than one year, eight from one to three years, seven from three to five years, and 13 upwards of five years. The average length of service of all members of these classes is four years three months.

EX-SERVICE MEN (PROMOTION).

Mr. E. BROWN asked the Financial Secretary to the Treasury whether he is aware that the Board of Customs and Excise have issued an instruction asking collectors and heads of departments to recommend a certain number of departmental clerks for promotion to the officers' grade; that an age limit of 30 has been imposed, and that this rules out all Lytton and Southborough entrants; and whether he will be prepared to arrange for a scheme whereby Lytton and Southborough entrants can be allowed to deduct from their present age their years of Army service?

Mr. McNEILL: I would refer the hon. Member to the answer given to an almost identical question by my hon. and gallant Friend the Member for the Bromley Division (Lieut.-Colonel James) on the 23rd June.

BEEF SUGAR SUBSIDY.

Mr. THURTELL asked the Financial Secretary to the Treasury the total cost to the Exchequer, by way of subsidy and remission of Excise Duty, in respect of the last financial year, in connection with the manufacture of sugar from home-grown beet?

Mr. GUINNESS: I have been asked to reply. The expenditure during the financial year ended 31st March, 1927, in respect of subsidy on home-grown beet sugar and molasses was £3,225,858. Of this amount, approximately £1,004,300 was returned to the State in the form of Excise Duty. There has been no remission of Excise Duty since the passing of the British Sugar (Subsidy) Act, 1925.

SUGAR (CLEARANCES).

Sir J. POWER asked the Chancellor of the Exchequer the clearances for home consumption, since 1st April, of foreign refined sugar, British refined sugar, and home-grown sugar, respectively?

Mr. McNEILL: The quantities cleared during the two months April and May, 1927, were:

	Cwts.
Imported refined sugar ...	2,029,000
British refined sugar ...	2,744,000
Sugar manufactured from home-grown beet ...	295,000

POST OFFICE.

PUBLIC TELEPHONE BOXES.

Mr. R. MORRISON asked the Postmaster-General who is responsible for disinfecting and cleaning of public telephone boxes situated inside shops or upon private premises?

Sir W. MITCHELL-THOMSON: The call office attendant.

INSURANCE.

Major EDMONDSON asked the Postmaster-General whether, in view of the starting of national contributory pensions, he is prepared to continue accepting new business under the Post Office insurance scheme?

Sir W. MITCHELL-THOMSON: The matter is under the consideration of the Government, and I am unable at present to make any statement.

UNEMPLOYMENT (TWO MONTHS' FILE).

Sir J. POWER asked the Minister of Labour the number of uninsured persons now in the two months' file; and whether there has been any recent investigation into a proportion of the men on this file with a view to determining how many of these persons are working in uninsured occupations, how many are receiving help from the guardians, and how many have died?

Mr. BETTERTON: The two months' file consists of unemployment books, and therefore relates exclusively to persons who were insured when information was

last available with regard to them. There has been no special investigation of the file, but among others the books of all persons known to be at work or to be deceased would be excluded from it under the ordinary procedure.

IODINE TREATMENT (SCHOOL CHILDREN).

Sir R. THOMAS asked the President of the Board of Education if his attention has been drawn to the improvement which has been observed in the condition of goitrous and mentally-backward children in Cumberland as a result of the iodised tablets given to them in the schools during the past 12 months; and whether he will circulate particulars of this method of iodine therapy?

Lord E. PERCY: I am aware of the observations which are being made in Cumberland and elsewhere in the iodine treatment of goitre and other conditions of school children. The matter is dealt with in the Chief Medical Officer's Reports for 1924 and 1925 and will, I understand, be the subject of further reference in his next report. Any action on my part would, I think, at the present stage be premature.

ROYAL NAVY.

A.F.O. 3277.

Mr. R. YOUNG asked the Parliamentary Secretary to the Admiralty whether the Order A.F.O. 3277, 20th November, 1925, is still in force, or whether any departure has been made from the terms of the order and, if so, by whose authority was the departure made; and whether any notice was given of any proposed alterations?

Lieut.-Colonel HEADLAM: The answer to the first part of the question is in the affirmative. The remainder does not, therefore, arise.

INVALIDS (TRANSPORT).

Sir B. FALLE asked the First Lord of the Admiralty whether the present system of transport of invalids from

foreign stations affords continuity of treatment on the passage home to sick naval ratings?

Lieut.-Colonel HEADLAM: The reply is in the affirmative.

HAMMOCKS.

Sir B. FALLE asked the First Lord of the Admiralty whether a decision has been arrived at as to the introduction of waterproof covers for hammocks for men travelling?

Lieut.-Colonel HEADLAM: It has been decided not to incur the expense of introducing waterproof covers, but an Admiralty Fleet Order is about to be issued on the subject of the protection of the hammocks and bedding of men travelling.

CANDIDATES (BIRTH CERTIFICATES).

Sir B. FALLE asked the First Lord of the Admiralty whether he is aware that on entering the service candidates are required to produce their birth certificate and that this birth certificate is retained by the Admiralty; and whether he will authorise the return of all birth certificates after the necessary information has been obtained and registered?

Lieut.-Colonel HEADLAM: The statement in the first part of the question is correct, but the birth certificate is always returned if the candidate asks for it.

METROPOLITAN POLICE ATHLETIC GROUNDS.

Colonel DAY asked the Home Secretary whether, in view of the lack of accommodation at the recreation grounds at Imber Court, which is used by playing and non-playing officers of the Metropolitan Police Athletic Association, he will consider the appointment of a Departmental Committee for the purpose of considering and recommending ways and means of providing the special amenities needed?

Sir W. JOYNSON HICKS: I do not think this is a question for inquiry by a Departmental Committee.

ORDERS OF THE DAY.

SUPPLY.

[10TH ALLOTTED DAY.]

Considered in Committee.

[Mr. CHARLES EDWARDS in the Chair.]

CIVIL ESTIMATES, 1927. [*Progress.*]

CLASS V.

MINISTRY OF HEALTH.

Motion made, and Question proposed,

"That a sum, not exceeding £12,943,593, be granted to His Majesty, to complete the sum necessary to defray the Charge which will come in course of payment during the year ending on the 31st day of March, 1928, for the Salaries and Expenses of the Ministry of Health; including Grants and other Expenses in connection with Housing, Grants to Local Authorities, etc., in connection with Public Health Services, Grants-in-Aid in respect of Benefits and Expenses of Administration under the National Health Insurance Acts, certain Expenses in connection with the 'Widows', Orphans' and Old Age Contributory Pensions Act, 1925, and certain Special Services."—[*Note: £6,500,000 has been voted on account.*"]

The MINISTER of HEALTH (Mr. Chamberlain): Last year, in presenting the Estimates for the Ministry of Health to the Committee, I had to account for an increase of £40,000 over the Estimate for the preceding 12 months. This year there is a further increase of a little more than £1,105,000, but I do not imagine that on that account I shall be accused of extravagance, because the increases are really due to causes which operate automatically and are, moreover, brought about by policies which have been approved in all quarters of the House. Some £960,000 is accounted for by an increase in the number of houses upon which subsidy is paid, and there is a further increase of £171,000 in the grant-in-aid for health purposes, and there is still another £91,000 increase in the cost of administration, which is, of course, due to the additional staff required for the purposes of the Contributory Pensions Act. I do not imagine that any of those figures will be challenged, and, therefore, I do not think it is necessary for me to detain the Committee by going into any special details in connection with them, but, of

course, if there are questions upon which any hon. Member desires further information, I hope to be able to supply him with what he desires in the course of the Debate. I think perhaps it would be of greater interest to the Committee if I were to pick out one or two of the salient features of the activities of my Department in order to give the Committee some idea of the field over which we range and the scope of our activities.

Coming now to the question of housing, it will be seen that the amount provided, which is £9,840,000, is nearly half of the total Estimate, amounting approximately to £19,500,000, and I think the Committee will like to know what we are getting for the expenditure of so large a sum of money. In order to give a comparison, I would mention that in the five years preceding the War the average number of houses built in this country was about 61,000. Taking the last three years—in each case the 12 months ended 31st March—the number built in 1925 was 137,000; in 1926 it rose to 173,000; and in 1927 to 217,000. That is really an astonishing, a prodigious effort on the part of this country, which I do not think can be paralleled anywhere else in the world, and although one does not wish to claim more credit than is due to the Government, at any rate I think we are entitled to say that the conditions which have been provided by the Government have acted as the most efficient stimulus to the building industry that could be conceived. The number which we thus find added to the common pool, looked at from that point of view, is so great that, as it proceeds, there cannot be any doubt that its effects will be felt right through every class of the population, and I feel confident myself that we are approaching the time when we may hope to see some much more active progress made with the improvement of the conditions in the slums than has been possible during all these years, when it was found difficult to deal with them, first, because of the scarcity of labour and materials, and also because of the fact that there was nowhere for people to go who might be displaced from the houses in which they were living.

But there is another aspect of the housing question which is not so satisfactory. I am, myself, very much concerned about

[Mr. Chamberlain.]

the cost of these new houses, which appears to me to be far too high. I think the problem before us at the moment is to see how we are going to get that cost reduced, and there are two ways in which it may be reduced. One of them concerns the size of the house. There is very little doubt that the rents which have to be charged for the bulk of the new houses now being built are inflicting a very great strain upon the resources of those who are paying them, while they make it absolutely impossible for many others to obtain the accommodation which they desire in a new house, because it is altogether beyond their means. I myself, am not in favour of lowering the standard of housing, but it is no use to blink facts, and while it is very easy to be eloquent about the difference between the houses occupied by the rich or the poor, as a matter of fact you cannot divide the population by a sharp line into two categories of that kind. [An Hon. Member: "They are already divided."] No. they are not divided into two categories. There is every possible gradation between the rich and the poor, and each category must adapt its methods of life to its means. [Laughter.] The hon. Member opposite laughs, but I thought I was speaking what was almost a truism. What I want particularly to emphasise is that you cannot pick out of the general budget of the housekeeper one particular item, namely, the rent of the house, and consider that that is to be free of the restrictions which naturally apply to all the other expenses of the household. It applies to every item in the budget. Everything must be adapted to the question of means, or otherwise they will come to disaster. I think it is a mistake to assume that every family wants a bigger house which not only ranks higher in rent than the house which they are now occupying but which means more work in cleaning and more expense to keep warm.

Mr. PALIN: The modern house means less.

Mr. CHAMBERLAIN: The hon. Member says, "The modern house means less." What I am saying is that a large house means more work in cleaning than a small one.

HON. MEMBERS: Not necessarily.

Mr. PALIN: I have never seen a corporation house which will give much difficulty on that score.

Mr. CHAMBERLAIN: Perhaps the hon. Member has not talked to so many working people as I have. Local authorities are finding that they are getting towards the end of that section of the community who can pay the rents of houses such as they are now erecting, and that being so, I think they are wise in remembering that what they have to compare is not a small new house with a large new house, but a small new house with the houses in which people are living now, or the room in a house in which people are living now, and that if they do, as many of them desire to, build houses which contain all the necessities of life but with somewhat smaller accommodation than those which the people have been in the habit of living in lately, they will probably be meeting the wishes of the greater number of their inhabitants.

But there is another method by which I think people may be helped to obtain houses which they can afford to live in. Last December I asked the House to approve a Draft Order under which the subsidies payable under the Acts of 1923 and 1924 would be reduced as from October next by an amount which was equivalent to a capital sum of £25 per house. I based that proposal upon the assumption that some part, at any rate, of the present cost of houses was actually due to the subsidy itself.

Mr. MacLAREN: Hear, hear.

Mr. CHAMBERLAIN: I said I thought that the figures in our possession indicated that there was a definite correlation between the prices of new houses and the amount of subsidy given. I showed that the price of houses had gone up as the subsidy had been increased, and I argued that it might well be reasoned that if the subsidy were reduced the cost of houses would be reduced also. That proposal met with the strongest disapproval from hon. Members opposite. They exhausted themselves in prophecies of disaster. The right hon. Member for Shettleston (Mr. Wheatley) said this was going to wreck the building industry. The Liberal party put up two speakers to express the view that this would mean an increase in rents, although, of course,

we had some of the party in the Lobby with us, and there were others who did not vote at all—pursuing the usual plan. The hon. Member for Nelson and Colne (Mr. Greenwood), whom I am sorry not to see here, said that unless the price of houses came down by at least £25 either the rents or the rates must go up. That, I am bound to say, seemed to me a self-evident proposition, but the point of his statement was that he himself believed there was no possibility of any such reduction in the price as he suggested was necessary to prevent this rise in rents or rates. I am happy to say that events have completely justified the predictions I made when I asked the House to approve that Draft Order. The prices of non-parlour houses, which before the commencement of the withdrawal of the subsidy had ranged from £440 to £450, fell immediately to the neighbourhood of £425. Since then there has been a still further drop.

Mr. MacLAREN: For houses giving the same accommodation?

Mr. CHAMBERLAIN: Yes, exactly the same—until the very last month, when the average size of the houses has been distinctly smaller, but, then, the price has actually gone down to something below £400. So we see that the result of reducing the subsidy has not been to wreck the industry, it has not put up rents and it has reduced the price of houses. So much for housing; but before I go to an entirely different subject I would like to say something about town planning, which is a kindred subject.

Mr. MONTAGUE: Before the right hon. Gentleman leaves the subject of housing, will he explain to the Committee just precisely why the reduction has come about as a result of the lowering of the subsidy? What is the cause of that reduction? Who has been doing the robbing?

Mr. CHAMBERLAIN: I would refer the hon. Member to the speech I made when I submitted the Draft Order to the House, in which I did explain exactly what I thought would happen. As that has happened, perhaps the hon. Member will forgive me if I do not take up the time of the Committee in repeating what I said. I am glad to be able to record that public appreciation of the value of town

planning seems to be generally increasing. Local authorities and the public generally are realising that careful prevision in the method of development of any given area is a real practical economy. It saves unnecessary and wasteful expenditure in the future, and, at the same time, preserves amenities and conveniences for the public. At the present time some 2,700,000 acres are covered by town planning and regional planning schemes of various kinds. The development of regional planning is of the greatest importance, because it is obvious that to plan a limited area without regard to what will happen in the surrounding areas must necessarily mean a good deal of wasted time, and may lead to the adoption of plans which subsequently will have to be altered. Therefore, I am very glad to know that the adoption of regional planning, which involves the co-operation of a great number of local authorities—the Committees include a total of 621 authorities—is proceeding so rapidly and smoothly, and I think further progress in this direction will be very valuable for the country as a whole.

In those schemes and otherwise local authorities are beginning to make much greater provision than they have done in the past for playing fields. I would like to pay my tribute of gratitude and admiration to the National Playing Fields Association, which is carrying on a great movement in the country under the leadership of His Royal Highness the Duke of York, who in this matter has once again shown his great devotion to the service of the country and the Empire. In this connection there are two matters of special interest to London. One is that steps have at last been taken to set up a Regional Committee for Greater London. That is a problem which has engaged the attention of local authorities and of Governments for many years past. Greater London presents problems which are unique in the constitution of its local authorities, and in the extent of its area, and, while I do not expect that progress in this direction will be very rapid, yet it is satisfactory to think that there is now going to be a body set up to examine those problems as a whole, and not merely to treat them from a sectional point of view.

Another matter to which I wish to refer is the preservation of London

[Mr. Chamberlain.] squares. There has been a good deal of anxiety expressed about the future of the London squares, not unnaturally, in view of what has happened in particular cases. A little while ago the London County Council passed a resolution asking the Government to make an inquiry into the best way of preserving London squares. The Government have accepted the view of the London County Council. We propose to set up a Royal Commission to go into the whole question, and I hope before very long to be able to announce the members of the Commission and the Terms of Reference.

Miss WILKINSON: Will the Terms of Reference include the opening of certain squares for the children to play in?

Mr. CHAMBERLAIN: I am afraid I cannot say yet what the Terms of Reference will be.

Mr. CRAWFORD: Concerning the Royal Commission to be appointed to deal with London squares, will the right hon. Gentleman be more precise about the progress made with regard to the regional authority for Greater London?

Mr. CHAMBERLAIN: I called a conference of the authorities concerned, and they are appointing representatives on the regional committee. I come now to another question. I had not intended to say anything about the administration of boards of guardians this afternoon, because the subject was fully debated on Monday night, but I must take some notice of a statement which was made on that occasion by the hon. Member for the Stratford Division of West Ham (Mr. Groves). The hon. Member for Stratford on that occasion said he had never been accused of making an extravagant statement, but I am afraid I must now make a beginning in that direction, because he made a statement which I can only characterise as extravagant. The hon. Member for Stratford stated that relief had been given during the general strike to a number of persons without conditions, and that since the new guardians had been in office people had been engaged in writing up in the books against the sums paid in relief to various individuals during the general strike the words "On loan." In other words, as I understand the statement,

the hon. Member accused the administration under the new guardians of endeavouring to falsify the books so as to enable the guardians to recover the relief given to those individuals during the general strike, although that relief was given to them without their knowledge that it was to be considered as having been granted on loan. That is a very serious charge to make against a board of guardians, and if it could be substantiated and shown that such a course was taken by the authority and with the knowledge of the guardians themselves, it would be such a condemnation of them as would certainly require the most serious attention of the Minister of Health. I do not think that a statement of such gravity ought to be made without the hon. Member making himself fully acquainted with the facts beforehand. I am glad that the hon. Member made the statement in this House, because it does give me an opportunity of telling the Committee what is the information which I have received upon this subject from the chairman of the board of guardians. He says:

"During the general strike relief was given in this union, and the relief so given was, according to practice entered upon the relieving officer's record cards. It was on these cards that the words 'On loan' were written at the time, and they were signed by the applicants. It is this card which is produced in Court when proceedings are taken to recover relief so given. During the general strike this special relief was not entered in the application and report book by the relieving officer under instructions. So far as I can discover beyond the transfer to the application and report books during two or three weeks after the close of the general strike, and in no case after the 18th July last, of the words already existing on the relieving officer's record cards, no entries such as described by the hon. Member in the House of Commons have been made in the books referred to."

The real fact is that where relief was given on loan the words "on loan" were put on the relieving officers' record cards at the time, and they were signed by the applicants, so that it is quite without foundation to say that they did not know that relief was given on loan, and the entries made in the application book have merely been the transfer of the information already on the record cards and in no sense constitute any alteration of the records.

Mr. PALIN: Were those entries signed by the chairman of the relief committee?

Mr. CHAMBERLAIN: I said the cards were signed by the applicants. The hon. Member is asking something about the old guardians.

Mr. PALIN: Yes, you are telling us something about the old guardians.

Mr. CHAMBERLAIN: The charge which I am dealing with has been made against the new guardians. The hon. Member who has interrupted me is not concerned with West Ham.

Mr. PALIN: I put my question in a perfectly friendly spirit in order to get information, because I know it is usual for the chairman, or whoever presides over the relief committee, to sign the report and application book or the card, and I want to know if that was done in these particular cases.

Mr. CHAMBERLAIN: That is entirely irrelevant to the point with which I am dealing. The point I am dealing with is the charge made that the new guardians falsified the books, or that somebody else falsified them on their behalf, and I hope the hon. Member for Stratford will, in due course, withdraw the charge which he has made.

Mr. GROVES: I will deal with it.

Mr. CHAMBERLAIN: I now come to the question of National Health Insurance which is closely associated with the administration of the Contributory Pensions Act. The administration of the latter Act has necessitated an increase in my staff which accounts for £90,000 of the increase in the Estimates. That is very largely in connection with the

claims of the people who will be able to obtain old age pensions next year after attainment of the age of 65. Already we have had some 324,000 claims which are, of course, undergoing examination at the present time. Meanwhile, I may mention that pensions and allowances have already been awarded to widows and orphans by which no less than 714,000 persons have benefited under this Act. With regard to Health Insurance proper, I would like to say something about the additional benefits which have been provided out of the surpluses disclosed upon the second valuation of approved societies. The Committee may possibly remember that nearly £24,000,000 was shown to be available for distribution under the second

valuation, but, out of that £24,000,000, over £11,000,000 has already been allocated by the societies for additional cash benefits, leaving therefore some £12,000,000 available for non-cash benefits. That £12,000,000 is again increased by the State grant and interest until it has reached the astonishing sum of £18,000,000 available for distribution in treatment benefits during the five years which are covered by the surpluses under this valuation. This means that all together some £3,750,000 a year can be and is being spent on these additional treatment benefits.

The Committee would like to know that the societies have allocated to dental benefits as much as eight times the amount they were able to allocate under the first valuation, and to ophthalmic benefit as much as 12½ times the amount that they formerly allocated. In connection with dental benefit a scheme has been arranged under which, for the most part, the societies pay 100 per cent. in the case of conservative treatment of teeth and 50 per cent. of the cost of dentures, and we have set up, as recommended by the Royal Commission, a regional dental service consisting of one principal and five regional dental officers whose duty it is to advise in cases of dispute between approved societies and dentists. That has required, and will require, a large number of examinations of the persons concerned. Up to the present there have been something like 2,600 references to those regional officers. The greater part of those references has already been cleared, but a certain amount of delay has been experienced owing to the fact that nearly 40 per cent. of the insured persons concerned have failed to keep their appointments with the dentists. I can quite imagine reasons why they have not been anxious to meet their dentists, but I hope, as they get more experience, their attendance will improve, and I do feel very well satisfied that the provisions of this additional benefit, under which over 13,000,000 people, many of whom have never been under the hands of a dentist before, will now have their teeth attended to, will mean greatly improved health on the part of the insured persons, and, as a consequence, of course, a decrease in the claims upon the funds of the approved societies.

Mr. LAWSON: Does the Department provide gas?

Mr. CHAMBERLAIN: I would like to mention that the International Labour Conference, which has just concluded its labours, has been considering the organisation of compulsory sickness insurance applicable to countries partaking in the Conference, and they have, by a very large majority—I think there were about 38 countries represented in the Conference—adopted a draft Convention, which is based principally upon the same principle as our own Health Insurance scheme, and I have hopes that the majority of them, at any rate, will see their way to ratify the Convention, because it is obvious that these things have an economic application, and that the competition which naturally arises between one country and another is somewhat embittered if in one case there are contributions payable on the part of industry which are not similarly to be found in other countries.

With regard to the state of the public health, I am glad to be able to give a good report. There are two general tests which we apply, namely, the general death rate and the infantile mortality rate, and in both cases it has shown an improvement. Last year the general death rate was 11·6 per 1,000, which compared with an average of 12·2 per 1,000 in the five years preceding, and the infantile mortality rate, which had been 76 per 1,000 in the preceding five years, came down to 70. That is particularly satisfactory, not only because it means that some thousands of babies born in 1926 survived who would have perished if they had been born under the conditions of 1925, but it also means that there is a corresponding improvement in the general health and physique of the children who survive, because the same conditions which kill in the one instance also maim and injure in the generality of cases. It denotes, therefore, a general improvement in the physique of the infant population, and I think I may say also an increase in the understanding of the responsibilities and the duties of motherhood. I do not think that one can say too much in praise of the great system of maternity and child welfare centres which are now spread right throughout the country, and upon which

an immense amount of devoted voluntary effort is being expended. To that, I think, we must ascribe, in large measure, the continued improvement in the infantile mortality rate with which we have so much reason to be satisfied.

In other respects the health of the nation, I think, continues to improve. There is a steady decline in the mortality which is due to tuberculosis, to scarlet fever and to typhoid fever. I wish I could say as much for cancer. I am sorry to say the deaths from cancer continue to increase, and I am not able to announce any new discovery which gives us hope of being, at an early date, able to cope with that disease. But our knowledge is increasing all the time. We are always finding out more about the conditions and circumstances in which this disease arises, and I have little doubt that the day will come—and we hope it is not far distant—when we shall be able to put it amongst those diseases of which we consider ourselves the master. There is one other complaint about which I must say a word, and that is small-pox. The records of the number of cases of small-pox in this country are becoming very alarming. I go back to 1922, when there were 973 cases. In 1923, there were 2,500; in 1924, 3,800; in 1925, 5,300; in 1926, 10,100 and this year, up to the end of May, we have had 8,700 cases.

Mr. JOHNSTON: Is that for England and Wales alone?

Mr. CHAMBERLAIN: This is England and Wales, including London; it does not include Scotland. [An Hon. Member: "Deaths?"] No, cases—not deaths. Fortunately, the type of small-pox at present is of a very mild character, but one is always afraid that we may see a recurrence of that very virulent form of which we have had experience before, and which is one of the most deadly diseases of which we know. I have said that I have set up a committee to inquire into the question of vaccination, and I do not propose, therefore, to say anything more upon the subject now, except that it is quite clear, I think, from these figures that the extent of the disease is now assuming serious proportions, and, even though mild in character, it is inflicting an amount of pain, suffering and loss which is preventable, and ought to be

prevented, and that presently we shall have to take some further steps to see if we cannot diminish it.

I know our time is limited this afternoon, and I do not want to make as long a statement as I made last year, but there are one or two other matters upon which I must touch, I think, before I sit down. I am credibly informed that there are 9,000,000,000 cells in the human brain. I am sure that everyone of them will be wanted by anybody who tries to make himself acquainted with all the intricacies of the Department of the Ministry of Health. I am not going to attempt to touch upon them all, but I wonder a little whether the Committee realises the part which this country is playing in measures which are taken internationally for the prevention of disease and the improvement of health. The League of Nations has a Health Committee upon which we have a representative and upon which there is also, I am glad to say, a representative of India. I hope in future, there may be representatives also of other parts of the Empire. It is engaged at the present time in two pieces of work which are certainly of direct interest to us as a country and to the British Empire. One of them is concerned with the establishment of an Epidemic intelligence centre at Singapore. The sanitary administration of the ports in the Far East is a particularly difficult problem, because each one of those ports is surrounded by great areas in which conditions are such that epidemic diseases are always present, and it is of the very first importance to prevent the spread of diseases like yellow fever, plague or small-pox, by communicating information from one sanitary port officer to another. By the generosity of the Rockefeller Trustees, this epidemic intelligence centre has been established at Singapore, and, thanks to that and to the introduction and development of wireless it is now possible to convey information with great rapidity and at an extremely low cost, and I think the results are invaluable to British interests generally and to British shipping in particular.

Then I will mention the work which is being done by the League of Nations Health Committee in the investigation of the prevention of malaria. Of course, we know a great deal about malaria now, thanks largely to the researches of

British investigators. We know that malaria can be stamped out in particular localities, as, of course, was done in Panama, but these measures are very expensive, and what the League is doing now is an attempt to discover some new methods of prevention which may perhaps be less intensive in their scope, but which will be less expensive, and can therefore be put into operation over larger areas.

I must pass over any account of the Paris Sanitary Conference that was held last year, or of the Pacific Health Conference at Melbourne, at both of which we were represented very ably by the officers of my Department; but I would like finally to mention two projects, both of first-rate importance, which are now proceeding in London. In, I think, 1920, a Committee was set up, under the chairmanship of Lord Athlone, by the then Minister of Health, Dr. Addison, and one of its recommendations was that there should be established in London a school of hygiene and tropical medicine. That school is now being built. The Rockefeller trustees, who take the greatest and most eclectic interest in all matters of international health, have contributed a sum of 2,000,000 dollars, and the British Government has made itself responsible for the maintenance of the school when it is completed. Its object is to provide means for the study of public health in all its forms, and of tropical medicine in particular, and it is of the greatest interest to the British Empire, because there are many portions of the Empire in the tropics whose future prosperity depends largely upon our power to control tropical diseases, which at present take such a tremendous toll of our people and of the native populations. We believe that this school will form a centre to which can come those who are proposing to embark upon a career as medical officers of health or medical practitioners in the tropics, where they will be able to see clinical material actually suffering from the tropical diseases which they will find when they get to their destinations, and where, also, they will be able to study those general principles of public health which govern all administration of the kind, whether in the tropics or in temperate climes.

The other project to which I have referred is also one of the recommenda-

[Mr. Chamberlain.]

tions of the Athlone Committee. It was that there should be established in London a post-graduate medical school. Unfortunately, for one reason or another, this recommendation has never yet been carried out, but now, I think, we are approaching a time when we shall be able to see it accomplished. I myself, some little time ago, set up a very strong committee of physicians and surgeons, of which I took the chairmanship myself, to consider what was the best way of carrying it into effect. The committee laid it down that it was not possible to combine in one school undergraduate and post-graduate teaching, and that is a conclusion which I think is supported by all expert opinion. Therefore, they had to consider whether they should contemplate the building of a new school, or whether it would be possible to adapt some existing institution. We decided against the building of a new school, because that not only meant the building of a school, but it also meant, in order to obtain the necessary clinical material, the building of a hospital with, perhaps, 400 beds; and that would have involved, not only a very large capital expenditure, but also an annual liability for the maintenance of the hospital. The committee, therefore, devoted themselves to an examination of various existing institutions, and they have come to the conclusion that they can find what they want in the West London Hospital at Hammer-smith. That is a hospital which has had a long experience of post-graduate teaching. It has space into which it can extend, so that the necessary lecture-rooms and laboratories and additional beds can be provided, and the scheme has been accepted in principle by the authorities of the West London Hospital. At the present time the buildings are being examined by technical experts with a view to seeing how they can be adapted and extended so as to make them available for this purpose.

If this scheme can be brought to a conclusion, it is going to be a great thing for the medical services of this country and of the Empire, and, I think I might almost say, of the world. One of the difficulties to-day is that medical practitioners, who may have had a magnificent training before they enter into practice, go down into some remote part of the country, and find themselves unable

in any way to keep themselves abreast of the most modern work. I should hope that in this school it will be possible to give short refresher courses to general insurance practitioners, so that they may come up to London and ascertain what are the latest methods of dealing with the problems with which they are faced—

Mr. MacLAREN: Would it be compulsory?

Mr. CHAMBERLAIN: I am not contemplating that at present; obviously financial difficulties would arise. I hope, however, that practitioners will avail themselves of it as it becomes further known. More than that, it will be a meeting place where medical men will come from all parts of the Empire to exchange ideas, to exchange experience, to see what the latest experiments and the latest methods are, and how successful they have been. I find that in America also a project of this kind is welcomed most warmly. Many American doctors like from time to time to come over to Europe to see what is being done here, and to check what they are doing over there against European experience. They do not always understand foreign languages, and sometimes, indeed, we do not understand their language, but in a school of this kind they would find their British brethren, would welcome very heartily the opportunities that they would get in such an establishment for exchanging ideas. The completion of a scheme of this kind would mean the expenditure of large sums of money, but, when it is realised what a great conception this is, and what a vast influence it may have in raising the general standard of medical practice, not only in this country but in other countries, I feel confident that the funds which are necessary to bring it to completion will not be wanting.

Dr. VERNON DAVIES: Will this hospital be built and financed by the State, or privately?

Mr. CHAMBERLAIN: I am not at present contemplating that it should be financed by the State—

Dr. DAVIES: What connection will the Ministry of Health have with it?

Mr. CHAMBERLAIN: It is possible that a contribution might be given to

such a hospital from the educational point of view, and that would bring the Ministry of Health into very close contact with it. But I do not think my hon. Friend need be anxious, if that be his fear, that it would in any way be divorced from the Ministry of Health, because, if such a course as I have suggested were adopted, for instance, for general practitioners engaged in the work of National Health Insurance, the Ministry of Health would certainly be brought into intimate connection with it. I have already taken up more time than I meant to take, and I will not detain the Committee longer. I commend to them the approval of these Estimates, and the sanctioning of the funds which are necessary to enable me to carry out the work.

Mr. CRAWFORD: I beg to move to reduce the sum by £100.

I move this reduction in the salary of the Minister of Health in order to draw attention to one or two matters connected with his Department. The right hon. Gentleman has travelled over a very wide field in the comparatively short time during which he has been Minister of Health, and I am sure that everyone will sympathise especially with the concluding portion of his speech, in which he opened up vistas of usefulness which show him to have imagination as well as ability. I am sure that, when he sets out to pursue the mosquito, he will be led almost to circumnavigate the globe, and in that process he will, of course, pass places where much has been done, where there are many monuments to British research and British ability, and where the name of Manson, Ross and others are held in reverence; and I am sure that every Member of this Committee will wish him and his successors success in the pursuit of those matters. I want briefly to refer to some other matters nearer home, where the right hon. Gentleman started. I think we shall all agree that the figures which he gave in regard to the housing problem do show progress, and are satisfactory to that extent, but I hope, and, indeed I am sure, the right hon. Gentleman does not believe that the problem is solved. Members of the House of Commons who, like myself, represent working-class constituencies, still receive, I am perfectly sure, vast numbers of letters and complaints and appeals for help from people who are living in one, two or three rooms,

and, although I personally feel that perhaps the right hon. Gentleman's truism, or dictum, with regard to the necessity of living within one's means, was received rather more critically than need have been the case, I am sure the right hon. Gentleman himself will realise that housing itself, and the expenditure of any given family upon housing, is not a self-contained problem. I think that what he said would have been welcomed with more acclamation if one were certain that in all aspects of Government policy efforts will be directed to keeping those things which are needed by the working-class population as cheap and as easily accessible as they possibly can be, and of the best possible quality.

From housing to town planning is, of course, a very short step. I am very glad that the right hon. Gentleman has introduced the subject of town planning and regional planning, because I want to put to him a question which, perhaps, his colleague can answer later in the day. He said that regional planning was so important because the planning of one centre or one area might be spoilt if the adjacent area were badly planned. That, of course, is true, but it is equally true that the good planning of a new area may be rendered difficult or almost impossible if existing built-over areas are badly planned. It would not be in order here to discuss matters which we have often discussed, and in which I have taken some part, in endeavouring to impress upon the Minister of Transport the need for looking ahead in matters of planning so far as they relate to roadways and transport from one place to another; but the question I want to put is this: Is there any means of consultation, and is there any consultation, on matters of town planning, between the two Departments of the right hon. Gentleman and of the Minister of Transport, whose work is obviously so closely related in this matter. There is another small point upon which I may be able to get an answer later, and here I come to the question of National Health Insurance, upon which the right hon. Gentleman also touched, and which, of course, is very closely associated with some of the things* that he mentioned in his speech. I understand that there is a draft Bill, or that there is a Bill in contemplation, dealing with approved societies and their position. I

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 am not going to discuss any question relating to the Bill or what is in the Bill, because it would be out of order to discuss legislation. I want to ask the right hon. Gentleman whether when the Bill is ready his Department will undertake to circulate it to the approved societies before it is introduced. That might fairly be called an administrative act and not a legislative act. There is a precedent in this matter in regard to the Factories Bill and the Road Traffic Bill, which were circulated.

I wish to draw the attention of the Committee to some of the matters relating to the Ministry of Health in its administration of the National Health Insurance Act. The right hon. Gentleman quoted some figures, and I would like to ask for a few more. He said that there was an increase in the Estimate of, I think, £1,250,000 over the preceding year.

Mr. CHAMBERLAIN: £1,100,000.

Mr. CRAWFORD: The right hon. Gentleman gave us items in regard to the health services and the additional staff necessary on account of pensions. If I am not misinformed, we have to add to that sum a considerable amount, because there was passed through this House last Session an Act of Parliament called the Economy (Miscellaneous Provisions) Act, and in that Act it was estimated that there would be a net saving to the Ministry of £4,100,000. I am speaking from memory, but I think that the expenditure under health insurance, that is the Government contribution, unlike the payment for old age pensions and widows' pensions, is put into the Ministry of Health Vote. The estimated saving under this head was that the Government grants would be reduced by £2,800,000, and that there would be an additional saving of £1,900,000 because the expense of certain medical services would be passed on to the approved societies. That makes a total of £4,700,000. There is an item, which I cannot completely understand, of a saving amounting to £600,000, due to some financial transaction, leaving a net saving of £4,100,000. The net result is that, as compared with 1924, the Ministry saved £4,100,000 but is spending £500,000 more. Therefore, the total increase in the two years is £4,500,000. It would be interesting to have an analysis of those figures.

Now I turn to the question of national health insurance, and I would draw the attention of the Committee and of the right hon. Gentleman and the Parliamentary Secretary to the Circular which was issued by the Ministry in December, 1926. It is headed:

“ Investments, A.635, National Health Insurance.

Notice to Approved Societies.

Owing to the falling off in receipts from contributions and the unusually heavy issues of cash to Approved Societies to meet certain current expenditure on benefits and administration, together with the extra moneys required for additional benefits during the year 1926, the Department is not in a position to make any interim issue of moneys for investment by or on behalf of societies in January, 1927.”

The Committee may need to be reminded of what is implied in the last three lines of that notice. As I understand it, the position is this, that the contributions to national health insurance are kept in the National Health Insurance Fund, and any surplus over and above the cash payments required to pay for the benefits is invested. Part of these investments are made by the approved societies and part by the Minister, or under his direction, through the National Debt Commissioners. I think that is the process. In pursuance of that system, from time to time the Minister hands over sums of money which are due to the approved societies for investment by them. It is these sums of money which we are told will not be available this year. There will be no money for investment by the approved societies, and, presumably, any portion which is normally invested by the Minister will not be available for investment this year. I should like to draw the attention of the Committee to the circumstances in which this state of things arises.

The right hon. Gentleman drew a very alluring picture of the benefits that arose and the extra benefits that were distributed as a result of the second valuation. I think that valuation was made at the end of December, 1923. It may be interesting to tell the Committee what progress has been made in regard to the surplus which is available for distribution under the National Health Insurance Act. The first valuation was made at the end of 1918, and for an insurable population of just under 16,000,000 of people there was a

gross surplus of £17,250,000. Of that £17,250,000, some £9,000,000 were disposed of in additional benefits and £8,000,000 were carried forward. There were certain increases in benefits. Compared with a surplus of £17,250,000 for 16,000,000 insured persons in 1918, we find that in 1923 the surplus had grown to £42,000,000 gross, in respect of just under 14,500,000 people. Therefore, there was an enormous increase, and in that year the disposable surplus was large. The right hon. Gentleman says it was £24,000,000, but I have a figure of £27,000,000, which is presumably for Great Britain. Perhaps the £24,000,000 surplus refers to England only. That is not the material point. The material point is that in these five years between the first valuation and the second valuation the total surplus grew from £17,250,000 to £42,500,000, and what is called the disposable surplus grew from £9,000,000 to £24,000,000 or £27,000,000, a very large increase. In spite of the £24,000,000 or the £27,000,000 of disposable surplus, there was a surplus carried forward which I understand was £16,000,000 but the right hon. Gentleman says was £12,000,000. Again, it may be a case of England against Great Britain. These surpluses are built up out of the balances which remain over after the benefits are paid and which are invested either by the approved societies or by the right hon. Gentleman on behalf of the approved societies.

The right hon. Gentleman in his speech this afternoon has told the Committee of the incalculable benefit to the health of the nation which is derived from these health services. He mentioned dental treatment, ophthalmic treatment and other treatments. I believe that since 1923 there has been an increase in maternity benefit of 9s., sickness benefit, 4s. 6d., and disablement benefit, 2s. 3d. These are the benefits which arise when the surpluses come to be distributed. It is necessary to refer to legislation at this point in order to make clear what has happened under the right hon. Gentleman's administration. It is very largely due to the results of the Economy (Miscellaneous Provisions) Act of last year that there is in the present year no surplus for investment. In other words, the balances which accumulate, the surpluses which become available at the end of every five years,

as far as I can see at the moment largely as a result of the action of the Government in the Economy (Miscellaneous Provisions) Act of last year, will not be available, and the suggestion which I am making to the Committee is that the circular to the approved societies, which I have quoted, is misleading because it attributes the lack of money for investment to certain causes which have operated, while one of the chief causes is the Economy (Miscellaneous Provisions) Act, for which the Government were responsible. Assuming it to be true that to the extent of nearly one-half the lack of disposable balance for investment is due to that Act, then that fact ought to have been made known. The increase in the surplus available for investment during the year 1925 was just over £9,000,000, that is to say, taking the amount invested at the end of 1924—which was roughly £96,500,000—by the end of 1925 that had increased by over £9,000,000. That sum was available for investment in 1926, half by the societies and half by the Minister on behalf of the societies. For the year 1927 there is no corresponding sum for investment. That being so, and it being largely due to the Economy (Miscellaneous Provisions) Act, passed by the Government, the circular issued by the right hon. Gentleman's Department to the approved societies acquainting them with the fact that there is no money for investment, should have included that fact in the statement.

I pass to another matter. It is two years ago since the right hon. Gentleman and the Parliamentary Secretary piloted through Committee and through the House of Commons the Rating and Valuation Act, 1925. I daresay many hon. Members of the Committee may have more or less forgotten that Committee.

Mr. RHYS: No.

Mr. CRAWFORD: My hon. Friend says "No," and I can sympathise with him, because I was a member of that Committee and I remember the many days and hours that we spent upstairs investigating that matter. During the passage of that Act certain differences of opinion arose. It is too long ago now for me to carry in my mind the whole of the circumstances. During the progress of the Act through the House I think certain exception was taken to a proposal made

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by the right hon. Gentleman by Members on his own side. Certain exception was taken as to the authority which he wished to set up as the rating and valuation authority in the rural district, and I am not sure—I do not want to make a charge against the right hon. Gentleman—but there is grave reason for believing that under his administration of the Act things are now being done which were, in effect, rejected by the Committee, and that the administration of the Act by the right hon. Gentleman is in some cases in contradiction to the avowed intention of the Act. I am referring particularly to the activities of the Central Valuation Committee set up by Section 57 of the Rating and Valuation Act. Sub-section (2) says:

“The Central Valuation Committee shall take into consideration the operation of this Act and shall give to the Minister such information and make to him such representations in respect thereto as they may consider desirable for promoting uniformity.”

Sub-section (5) says:

“Any scheme to be made by the Minister under this Section shall be laid before each House of Parliament forthwith.”

So that the Section makes it perfectly clear that the function of the Central Valuation Committee is purely advisory. The right hon. Gentleman is responsible for its acts and the Central Valuation Committee is responsible to him and to no one else, and before anything it does or advises can be made effective it should be made the subject of a scheme by the right hon. Gentleman and should be laid before the House. If the Committee will bear that in mind, and will also bear in mind that the valuation authority is the borough council, the urban district council and the rural district council, and that the county authority has only certain limited powers, they will be able to follow the importance of what I am now going to quote. This Central Valuation Committee has made two series of recommendations to the right hon. Gentleman. The first contains advice to the county authorities. I propose to quote from Resolution 28B on page 24:

“The recommendation is that in administrative counties the wisest and most economic plan to achieve this end will probably be for the County Valuation Committee to appoint permanently or retain the services of a professional valuer, to be known as the county valuer.”

There is nothing against the Act in that because, as I recollect, the county authority has power to make certain representations if valuations within its area show a lack of uniformity. It has certain rights, if there are appeals, to make objection to the valuation, but it has no right whatever to insist upon its own valuation being carried out in the county or under the other authorities, and if there is any question whatever about that, I will quote a passage from one of the right hon. Gentleman's own speeches. During those interminable Committees, when I am sure the right hon. Gentleman kept the clearest head of the lot among all of us, he made this speech:

“The hon. Member for Maldon said there were no powers given to the County Valuation Committees to impose their will on the various assessment authorities. I agree, and I do not imagine he would desire that power should be given to the county council or to the committee of the county council, the County Valuation Committee, to dictate to assessment authorities how they should carry on their valuation.”

That being so, the right hon. Gentleman sets up this Central Valuation Committee. They make their recommendation, and the paragraph following the one I have quoted from this recommendation 28B reads:

“Further, that such a county valuer should not only advise the County Valuation Committee, but be at the disposal of the rating authorities and the administrative county, and that where rating authorities find it necessary themselves to employ or engage additional professional persons for the valuation of special property, the latter shall be required, as a condition of their employment, to work in close co-operation with the county valuer.”

I admit at once that the words “close co-operation” do not necessarily mean “under the control of.” But what is the right hon. Gentleman's share? What part does he take in these recommendations? Last March the hon. and gallant Gentleman the Member for Burton (Colonel Gretton) asked the right hon. Gentleman a question relating to these recommendations. He asked:

“If the recommendations of the Central Valuation Committee constituted under Section 57 of the Act and circulated by the Ministry to local authorities have received his approbation and are instructions upon which it is intended that valuations are to proceed.”

The right hon. Gentleman said:

"The recommendation of the Central Valuation Committee, which is a committee composed almost entirely of representatives of local authorities, was circulated by me practically in the form in which I received it."

Now I want to ask, do those recommendations constitute a scheme in the words of the Act? If they do, they should have been laid before Parliament. If they do not, what is the right hon. Gentleman's reason for circulating them to all local authorities? The answer went on:

"The committee, as they themselves point out, are an advisory body, and their recommendations, which I have brought to the notice of rating and assessment authorities, are not instructions."

There can surely be only one interpretation. If you take the Section of the Act:

"Any recommendation made by this Central Valuation Committee, which are to be acted on."

Recommendations that are to be acted upon surely constitute a scheme and should be laid before Parliament. I am informed, indeed the right hon. Gentleman himself said, that these recommendations have gone out to county authorities, who, believing them to be instructions, have proceeded to act upon them as though they were instructions, and you have all over the country county authorities appointing valuation officers, sometimes at very high salaries, and in some cases they are suggesting to the Valuation Committee that they should take the county valuer, while in others, the valuation authorities are refusing to do anything of the kind, and in those cases the officers who have been appointed have nothing to do. They are sitting about asking what their work is. I am told of one place where a county authority, erring on the side of caution, indulged in an expenditure only of £2,000 a year, while in others it is as much as £10,000. The people who have been appointed are in some cases the very type of person who, after much discussion upstairs, was kept out of the administration of the Act. That is the Inland Revenue officer. The upshot of it was this.

THE PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): Does the hon. Member say that Inland Revenue officers have been brought in in connection with valuation?

Mr. CRAWFORD: I had not quite finished. I do not suggest for a moment that the right hon. Gentleman or his Department have brought in Inland Revenue officers as against the spirit of the Act. I think the Act actually mentioned that they shall not be brought in. What I am suggesting is done is that by allowing these recommendations to go out, in fact with his imprimatur on them, not having gone through the process laid down in the Act of Parliament, he has conveyed the impression—that point may or may not be valid, but by allowing these recommendations to go out he has created the impression that they are instructions from the Ministry. Under those recommendations many county authorities have appointed valuation officers, some of whom are people whose only experience has been as Inland Revenue officers. They are ex-officers of the Inland Revenue. Valuing for the purpose of Inland Revenue and valuing for the purpose of a rating authority are two entirely different things, and if there is any doubt as to the difficulty that has been experienced through the appointment of these officers, let me quote a passage from an address recently given by a very distinguished authority on rating and valuation, Mr. Michael Farraday:

"Within the last week I was told by a prominent official of one of the largest towns in the Midlands that their council proposed to employ valuers and that they themselves intended to value the class of property with which this statement primarily deals."

Then follows a conversation:

"I asked him if he found 20 houses of similar accommodation, how he proposed to deal with matters. His answer was, 'I should assess them at the rent they paid.' My next query was, 'Supposing the rents vary for the reasons illustrated above, what will happen then?' His answer was, 'You cannot assess a man above his rent. That has been rating law for many years.' I then put to him this query, 'Can you assess him below his rent?' His answer was, 'No, certainly not. He must get his rent reduced if he wants his assessment reduced.'"

You have under this Act, which was going to produce uniformity of rating, assessment and valuation, people working who do not know the first principles, or rather the value of entirely different principles from those which have always been used for valuation purposes for rating.

Sir K. WOOD: Does the hon. Member suggest that that is the only case, or are there others?

Mr. CRAWFURD: There are others, and, if it be true that people have been appointed to these posts under the county authorities, whose sole ex-

5.0 p.m. perience has been as Inland Revenue officers, it follows, as a matter of course, that that type of person is operating on one system in one place and another type of person is operating on another system in another place, and you do not get uniformity of operation at all. These recommendations, if they are to be issued to valuation authorities throughout the country, should follow the process which is laid down in the Act, and should be submitted to this House as a scheme under Section 27 of the Rating and Valuation Act.

Sir K. WOOD: Does the hon. Member suggest that these are instructions issued by the Ministry of Health?

Mr. CRAWFURD: Not for a moment. I thank the hon. Member for perhaps helping to make this point clear. I do not suggest that for one moment. What I do say is that these recommendations, being issued and being taken by the local authorities as instructions, as the form suggests they are—

Sir K. WOOD *indicated dissent.*

Mr. CRAWFURD: They are recommendations, but, being issued by the Ministry of Health, they obviously appear to the local authorities as though they were instructions. I say that the recommendation I quoted does misrepresent the intention of the Act and that local authorities have been quite honestly misled by that particular recommendation. At any rate, I should like to have the reply of the hon. Member to the point which I have raised on that matter. The hon. Member asked me if I had other examples. I do not want to quote other cases. There are cases that have been given, but I do not want to go on those lines.

There is a second point with regard to the administration of this Act to which I want to draw attention, and it is this. The hon. Member himself will remember that those provisions of the Act which deal with the rating of machinery were

hailed by hon. Members on this side of the House and hon. Members above the Gangway as being the first step in the conversion of the hon. Member to views which many of us hold, and although a certain amount of opposition developed from some hon. Members above the Gangway on the ground that the burden taken off machinery might be better distributed among poor property, there was, on the whole, general acceptance by the House of the principle of the unrating or de-rating of machinery. The Act laid down the method by which this was to be carried out. The method was that first of all a Committee was appointed, under a distinguished late Home Secretary of this House, to formulate rules which should lay down what was the type of machinery which was to be rated and what was the type of process machinery which was not to be rated. Subsequently, there were recommendations of that Committee which were accepted and adopted by the right hon. Gentleman. Subsequently to those recommendations being received, a panel of referees was set up who are now charged with giving decisions as to whether this or that piece of machinery shall or shall not be rated. I am told that the panel is composed entirely, or practically entirely, of professional men, professional surveyors and valuers, whose experience has been that they have appeared for local rating authorities.

I am not going to say one word which will suggest that professional men of that type are consciously biased because they happen from time to time to have been in the service of the local authority, but it is quite clear to anyone who has followed the history of arbitration awards under the Land Clauses Consolidation Acts that people whose experience lies in one direction or one channel must of necessity be unconsciously biased on the side of those people whom they habitually engaged to represent. Where you have people who all their lives have been the expert advisers of local authorities engaged in rating and valuation, and trying to maintain claims of local authorities for such and such a valuation, I think hon. Members will agree that those people are not the best people to be referees when this question between the local authority on the one hand and the person whose machinery is to be rated on the other has to be decided. I would like the hon.

Member to give some explanation of that, or some assurance that something which would be more satisfactory to the people who are rated should be adopted.

The only other point to which I wish to draw attention is a comparatively small one, but it is an important point and it deals with the Second Series of recommendations by the Central Valuation Committee. I am not quite sure whether it is fair to spring this without notice on the hon. Member, but I shall not in the least resent it if he does not give an answer to the point. But here again you have a series of recommendations issued to these rating and valuation authorities by the Minister without their having been first before the House. In the Second Series I come across this very odd thing, which I am sure would rejoice the heart of the hon. and gallant Member for Newcastle-under-Lyme (Colonel Wedgwood) if he were here. It deals with the rating of agricultural property. It is the Second Series, page 9. There I find this very queer thing. There are suggestions as to how rateable value should be arrived at. No. (iii) deals with an allotment of the gross value of £2 12s.; net annual value £2 9s. 5d.; rateable value £1, whereas, just below, there is given another case of farm buildings of gross value, not £2 12s., but £3, whose rateable value is given as *nil*. That an allotment of gross value £2 12s. should have a rateable value of £1 and farm buildings with a gross value of £3 should have a rateable value of *nil*, is very difficult for me to accept. But whether it be capable of explanation or not is not really the point I want to drive home. What I want to bring out is that these recommendations should not have gone out to the local authorities under the Act unless they had been embodied in a scheme to which the right hon. Gentleman should have given his approval and which should have been laid upon the Table of this House.

MR. RHYS DAVIES: I feel sure that the Committee will have been very interested in the statement which has been made by the Minister of Health this afternoon. All those who are interested at all in health problems will be very satisfied to read the figures in relation to what are termed "vital statistics," that is, the general decline in the death

and the infantile mortality rates. Those who take—as I endeavour to do—some interest in this aspect of life will be equally sad to learn that we are not as yet able to say very much that is favourable in relation to the treatment of cancer. But if I may say so very respectfully I think the right hon. Gentleman omitted what is to some of us a very important feature of the public health of this country and that is mortality in confinement. The right hon. Gentleman, when he has spoken before on general health matters, has, I think, given us some details on that score. Some sections of the community are very dissatisfied at the present position in that sphere. Might I just read a quotation from a Report which was issued as far back as 11 years ago on this matter? The position, as far as I understand it, is very little better than it was then. Sir Arthur Newsholme, who was an officer in the Ministry at the time, made this very strong statement:

"Over 800 mothers die each year in England and Wales as the result of child-bearing, whose lives would be saved if the experience in the rest of England and Wales were as favourable as that of London."

I am informed that about 3,000 women die in childbirth every year in this country, and I would like to know whether London is better placed by way of convenience and technical skill in dealing with maternity cases; and, if that be so, whether the Minister would consider doing something, particularly in the provinces, in order that the womenfolk there shall have those facilities which the women of London are able to secure. I know, of course, that maternity nursing in the provinces, especially in Lancashire and Yorkshire, are very different from what they are in the south and in London, because of the large number of women who are employed in the textile industry; but I would ask the right hon. Gentleman to give some thought to what is regarded by the women of this country as a very serious problem indeed, and that is the large number of women who die in confinement.

SIR K. WOOD: Is the hon. Gentleman asking what is being done in London that is not done in the provinces?

MR. DAVIES: I gather from the statement that I have read that if the conditions were as favourable in the whole of

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England and Wales as they are in London 300 lives would be saved annually. What I want to know is what are the conditions that obtain in London which tend to reduce mortality in these cases, that do not prevail in the provinces? I just wanted to say that in passing. A great deal of the work of the Ministry of Health is now regarded as being beyond party politics; and I think it is well that it should be so. But there are matters which, of course, from their very nature, must be political, and I would refer to one at once. The right hon. Gentleman dealt with housing. I do not profess to be an expert on this problem; I will come to a matter with which I am more familiar later on. But the right hon. Gentleman made a remark, unless I mistook him, which rather led me to believe that he is considering reducing the rents of working class houses. I thought his argument was that, because the rent of the present houses which are built by subsidy is too high to meet the pockets of working people, he intends to do something by way of producing smaller houses, presumably in order to reduce the rent. I shall be very glad to learn that I am wrong in this case. May I put it in this way? His argument appeared to be that we have now reached a stage when we have in fact provided a sufficient number of houses, at rents to meet the needs of persons who can afford to pay such high rents. Consequently, he said local authorities are now beginning to consider as to how to meet the needs of persons who cannot afford to pay the rents required for the present sized houses.

That, of course, is logic, but let us see where it is going to lead us. What I would like to put to the right hon. Gentleman is this. It will cause a great deal of alarm if he now proposes to reduce the cost of rent by reducing the size of the house. I should have thought that the only possible way out of this difficulty was not to reduce the size of the house, which, in all conscience, is very small indeed in most cases, but to bring down the building price of the house. The Ministry of Health ought not in 1927 to concentrate its attention upon reducing the size of houses, but rather towards reducing the cost of building them. I should have thought

that that would have been the way a Minister of Health would have travelled in order to reach the goal he has in view. As I have said, I do not pretend to know as much about housing as I do about other subjects which have been dealt with by the right hon. Gentleman, but he used the strange argument that the cost of building houses had declined just in proportion—so I understood—to the reduction in the subsidy. I think that was his argument. It was as if to say, "If you reduce the subsidy further the cost of house-building will go down automatically in consequence." Surely, there must be another side to that case. The cost of house-building has not declined merely because of the reduction in the subsidy. If his argument holds good, the Government ought to take away at once all the subsidies they are paying now to various industries. The subsidy ought to come off the sugar-beet industry; we might then get beet sugar much cheaper than we can get it now.

The right hon. Gentleman is very conversant with this housing problem, and if there be anything I envy him of, it is his capacity to hurl figures at Members of the Committee without turning to any documents for them. I wish I could do the same. If I were speaking in Welsh I might do quite as well. Let me just analyse, for the moment, the argument of the right hon. Gentleman. He said, "When we reduced the subsidy on the last occasion, I prophesied that the cost of house-building would go down almost proportionately"; and, unless I am mistaken, he must have in mind the carrying of his point to its logical conclusion, namely, that in order to reduce the cost of house-building further he is going to take away the subsidy altogether. That is the logic of the argument. Is that the case?

Mr. CHAMBERLAIN: Does the hon. Gentleman think it is logical to say that because you can argue on one egg and a rasher of bacon you can argue still better on a sitting of eggs and a sucking pig as well?

Mr. DAVIES: When I was a collier I used to consider that two eggs were better than one; and, if the right hon. Gentleman was a manual worker, he would also know the difference between one and two eggs. I will leave it at

that; but really, that argument is strange coming from the right hon. Gentleman. What I want to put against his point of view is this. Surely there are other factors besides the reduction of the subsidy that have entered into the reduction of the cost of house building? If not, what has the Minister been doing? It is his duty to bring about a reduction in the cost of house building in order to reduce the rent to the level that he wants. I agree with him entirely in regard to one thing. The houses we are now building and the wages that are received by the ordinary worker create a gulf between the wages received and the capacity to pay the rent for those houses. On that score, I think, he is perfectly right; but I do not think he is going to bridge the gulf by building smaller houses.

Sir K. WOOD: Has the hon. Gentleman any suggestions to make in that direction?

Mr. DAVIES: I have made one. The right hon. Gentleman has explained this afternoon that the cost of house building is still too high; but he did not tell us what he was going to do to reduce the cost. I repeat, therefore, that the right hon. Gentleman will create alarm—and he has created alarm in my mind already—in the minds of all people interested in housing when he suggests that in order to reduce rents you must reduce the size of the houses. If that argument holds good, he will ultimately build one-roomed houses. That would settle the problem, I suppose, according to his argument. A previous Minister of Health actually made that proposition, and he lost his seat in Parliament in consequence. I am sure the right hon. Gentleman will take note of that fact. As I said, I have never claimed to have followed the housing problem to the extent that other Members of the Committee have done, and if I have any errors I feel sure the right hon. Gentleman, out of the generosity of his heart, will forgive me at once.

I now come to something in which I am intimately interested, namely, the administration of approved societies. I am sure that I shall carry the right hon. Gentleman and his Parliamentary Secretary with me when I say that it would really be a calamity if this huge business of collecting contributions from 15,000,000

people and paying away millions upon millions of money annually by way of benefits were allowed to pass without a word upon its administration in this Committee. I make no apology therefore for saying one or two things upon this issue. I think the right hon. Gentleman created a little humour when he mentioned the work of the regional dental officers; but he was surely wrong in suggesting that insured persons were afraid to go to the regional dental officer because their teeth were going to be extracted. It was nothing of the kind. He knows perfectly well that the duty of the regional dental officer is to examine the work of other dentists and not to extract teeth. I can very well imagine people not going to the dentist because they are afraid to have their teeth extracted. The point at issue might appear to be a very small one, but to approved societies the matter is very important. The right hon. Gentleman has appointed several officers as regional dental officers to check the work of the dentists. That is very necessary now that the National Health Insurance Fund has become financially responsible for dental treatment. I am convinced that a few of the dentists, even now, do not play the game with approved societies. Complaints from some quarters are so strong that some of the approved societies are already thinking of diverting some of their surplus funds for use in other directions. As far as I am concerned, I want to say, that if some of the dentists and some of the opticians, do not treat us better I shall make it my business to see whether other additional benefits cannot be established in order to divert the funds from those purposes. I must say, of course, that it is only a small section of the dental and optical profession that I complain about.

When you come to the work of the regional dental officers a very interesting point emerges. The Parliamentary Secretary to the Ministry of Health, who is conversant with the work of National Health Insurance from its commencement, did not foresee one thing in connection with the appointment of these gentlemen. I am sure I am not doing the right hon. Gentleman any injustice when I also say that he did not foresee the point which I am going to mention. The point is this: The work of the regional dental officers has been made very difficult, and there are already

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complaints of delay. I do not see how these delays are to be avoided. The regional medical officer can call a patient to him during the daytime because he is on the sick fund and not at work. But in the case of the insured person who requires dentures, he can only attend in the evening; he is at work during the day. I do not know whether it would be a good suggestion that these regional dental officers should begin their work at six o'clock on the evening and go to bed during the day. I cannot think of any other way out of the difficulty; but the problem is there, and I trust the Department will inquire into it in the near future.

In spite of the fact that the administration of National Health Insurance is carried on with great satisfaction to all concerned, it would, indeed, be a wonderful institution if there were no complaints whatever to make. There is one that I wish to make. Some approved societies are not at all satisfied with the arrangement that has been made whereby a person suffering from anything connected with the eyes is sent automatically by the medical practitioner to the ophthalmic surgeon. I have made remarks concerning the medical profession on more than one occasion in this House, and I have been criticised very severely for doing so; but I do wish to say, in the presence of a member of that profession, that we are not satisfied that the ophthalmic surgeon ought to have a fee of a guinea for giving advice that ought in some cases to be given at a very much cheaper rate. I am speaking now as a trades union official, too. I think it will destroy the confidence of approved societies in the work of the medical profession if the panel doctor automatically refers an insured person suffering from any defect of the eyes to the ophthalmic surgeon, and a fee of a guinea is to be paid to him for his work. I think the right hon. Gentleman in charge of this important business ought to inquire into that complaint.

With regard to additional benefits as a whole, the Minister was quite right when he said that the dental benefit as an additional benefit is spreading among the approved societies, that eight times the sum of money was spent after the last valuation than was spent during the

previous valuation period; and 12½ times the amount of money is now being spent in respect of ophthalmic benefit. It is not for me now to say anything about ophthalmic benefit in its relation to optical practitioners; but I have to make a complaint in respect of the provision of spectacles. The complaint—I do not know how far it is justified—is that some optical practitioners claim anything from 100 to 300 per cent. profit on the spectacles they sell. I cannot say whether that is true or not, but it seems to me that the right hon. Gentleman ought to give some attention to the charges that are being made. Not only should he inquire into the charges made by the ophthalmic surgeon, the dentist, and the optical practitioner, but he would do well if he inquired also into the charges made for surgical appliances supplied to members of approved societies, which have increased since that benefit was added to the National Health Insurance Scheme. There is a feeling, and it is a justifiable one, I think, that because this money is available in the funds of approved societies the professions which have anything at all to do with the insured population are taking undue advantage of the position in regard to their charges. It is the duty of the Minister of Health to hold the balance evenly between approved societies and these various professions. I remember full well the dispute the Minister of Health had with regard to the fees of panel doctors, and the arrangements made with the dentists and those now to be made with the optical practitioners. I think he will find that he will have to go a step further and do something in connection with the subject of surgical appliances as well.

Just a word with regard to the new projects which the right hon. Gentleman mentioned in his speech. We on this side of the House welcome any new projects with regard to research into diseases with the idea of giving higher and better education, and greater facilities to medical practitioners to improve their knowledge of the health of the community. That is very good work, and I am glad to learn that the Ministry is taking an interest in the two new institutions. What I want to know is whether the Ministry are backing up these institutions by grants? It is all very well for the right hon. Gentleman

to say that these two new institutions have been formed and that the Rockefeller Foundation has given 2,000,000 dollars to one. That is no credit to the Minister at all, and, while we welcome these new projects, we should like to know how far the Ministry of Health itself is interested financially in these two institutions. The right hon. Gentleman claims, and rightly, a great deal of credit with regard to the benefits payable under the Widows' Pension Scheme, and as far as I understand the method of administration I have no complaint at all to make, except complaints against the law itself.

The Department has undoubtedly, as far as it could, cleared up most of the difficulties connected with claims; but I think the time has arrived when the Committee should be informed how far the payments that have already been made on account of widows' pensions and allowances tally with the actuarial calculations given to the House in 1924. We have been given figures as to the number of claims, and the amounts too; but I think we are entitled to know from the Minister how far the amounts that have been paid square with the actuarial calculations. I want to turn back once again to the National Health Insurance scheme. The Parliamentary Secretary gave a reply some time ago to a question which I put to him—I am sorry I have not the details with me at the moment, but no doubt he will remember the question—as to the amount of sickness benefit paid away during the mining dispute last year. The Parliamentary Secretary led men, at any rate, to believe that because of that industrial dispute the sickness claims on approved societies had grown enormously. I ventured to say then that while the claims had increased during that period, I was not so sure that the claims were not less than they would be this year.

It is now nearly the end of June, and I think the Parliamentary Secretary should get the figures showing the amounts paid during the first and second half of last year, and probably up to date; and unless the experience of other societies differs from my own, I shall be astonished to learn that the figures of last year are much higher than they are for this year per month, because the claims on the funds of the societies, in spite of all that

is said as to the health of the community being better, do not appear to diminish. The reason is not that which is usually given—namely, that the insured population is malingering. The reason is that if you have an extension of the age the older people get the feebler they become, except members of the Labour party, and, consequently, the claims of the insured population are increasing as the years go by.

There is another question which I think we must put to the Parliamentary Secretary, who I understand is going to reply. He will remember that there has been a reduction of one penny in the contribution of the men and one half-penny in the contribution of the women. It is not competent for me to dwell upon the very foolish action of the Government in plundering the funds of the approved societies some time ago. I understand it is not in order; but I think we are entitled to know what the result has been on the funds of the approved societies, that is, the taking away of large sums per annum by a reduction in the State grant and a reduction in the weekly contribution of insured persons, men and women. The Ministry of Health has at its command one of the best actuaries in the land, and I feel sure the Parliamentary Secretary will be able to give us this information now, because the last valuation period ended in 1923 and the next period ends in 1928 for some societies and in 1927 for others.

Can we be informed—and of all the questions I am putting to the Department this afternoon, this is the most important—whether in view of the fact that the State grant has been reduced, and the contribution of insured persons per week has been reduced, the actuary is satisfied that the approved societies will be in as good a position at the end of the third valuation period, that is at the end of 1928, as they were at the end of the last valuation period. I know that this is a very difficult subject to broach, because the right hon. Gentleman and the Parliamentary Secretary are sincerely hoping that in spite of all they have done in the past approved societies will come out all right in the end, that money will flow in as was the case after the last valuation. It is right that we should know whether, in the opinion of their actuarial department, approved societies

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are likely to be as well off at the end of the present valuation period as they were at the end of the last valuation period. Let me put it in simpler form. The total amount of surplus available at the end of the last valuation period was £42,000,000. Can we take it that the right hon. Gentleman the Parliamentary Secretary and their actuary are satisfied that at the end of 1927-28 there will be another £42,000,000 available by way of surplus in the funds of the society? It will be a very interesting answer.

Sir K. WOOD: The hon. Member might just as well ask me who is going to win the fight to-morrow night.

Mr. DAVIES: When the right hon. Gentleman brought in the Economy (Miscellaneous Provisions) Act, and the Widows', Orphans' and Old Age Contributory Pensions Act, he could tell us for 50 years in advance what would be the position of the societies. I have the documents here from the Actuarial Department, and they are able to tell us what is going to happen up to, I think, the year 1975. I am sure that if the hon. Member would do his duty by me and get the figures from the Actuary he would be able to tell the Committee now whether the Actuary anticipates a £30,000,000, a £40,000,000 or a £50,000,000 surplus at the end of the current valuation period. He knows full well what the result is going to be; and, because the sum is going to be less at the end of this period, he is not going to reply. If the surplus had been £50,000,000 or £60,000,000, in spite of the plundering of the funds of approved societies and the reduced contribution of insured persons, he would have been delighted to have said that the Actuary thinks that the probable sum is £50,000,000 or £60,000,000.

Another very important problem arises in connection with the administration of approved societies. The right hon. Gentleman is well aware that some approved societies have a dwindling membership. Some of us are interested to know what is going to happen to these societies whose surpluses accumulate, whose investments grow from year to year but whose membership continually declines. Does the right hon. Gentleman propose to transfer some of these funds to a central pool, or to a contingency fund;

what is going to happen? We are not entitled to deal with any probable legislation on this very important issue; but I think we should know from the Minister of Health what number of the recommendations of the Royal Commission have been put into operation. I have a list of some of the recommendations which need not wait for legislation, which could be put into operation without passing a Bill through Parliament. I want to know whether anything has been done with the recommendations which do not require legislation.

I feel satisfied that the Committee ought to pay more attention to the work of approved societies than has been the case hitherto. There are 15,000,000 people involved, and large numbers of them are without any democratic control of any kind. If it was opportune, I should put the other point as to whether these millions of the insured population, who have no voice at all, and no means of expressing their opinions through some of the large approved societies, could not be called together somehow in the various localities so that they might express their opinion on the administration of the funds.

Sir K. WOOD: Does the hon. Member suggest that the trade union member of an approved society shows any more interest than any other member of an approved society?

Mr. DAVIES: The hon. Member knows full well that in every trade union approved society, branch meetings are held, council meetings are held, and elections are held every year; and that there are millions of members of other approved societies who never have the chance of attending any meeting or taking part in any election. The hon. Member is merely playing with words when he puts that point. As I say, there are some things in connection with the work of the Ministry of Health which are undoubtedly above political partisanship, but with regard to the subsidy on houses, and the suggested smaller houses, I feel sure that the suggestions of the right hon. Gentleman will create considerable alarm among those interested in that problem. With regard to national health insurance, the business is proceeding smoothly, and the work is being performed, as far as I know, by the medical profession as a

whole very well indeed. But I should like really to see the right hon. Gentleman instituting something beyond merely paying away benefits. Something should be done to aid research work. We have surely reached a stage when a sum of money should be made available to carry on research work; and although we welcome the two institutions mentioned by the right hon. Gentleman, the day has now come when we should not be satisfied merely with clearing away slums, building new houses, and paying away benefits; but when the health of the community should be the subject of research by the highest and most skilful men in the land.

Lieut.-Colonel FREMANTLE: I should like to follow the hon. Member for West Houghton (Mr. Rhys Davies) on the subject of insurance, but I shall only deal with it very briefly, and I do not propose to respond to the suggestion he made that we should take up the question of the fees paid to ophthalmic surgeons. I am in the position of being a friend to a litigant in the Courts, and all I can say is that I trust the case entirely to the Court. I am certain such matters will be rightly arranged between the Ministry of Health on the one side and those who represent the medical profession on the other. I am very glad the hon. Member said that practically the whole of the matters that come under our purview in this Debate are outside party politics. Party questions come in occasionally, but on the whole we are free of party, and we can shake hands in wishing to forward the magnificent work of the Ministry of Health and the organisations under the Ministry throughout the country.

With regard to National Health Insurance, my hon. Friend suggested that something should be done for research. The medical profession would be the first to back up any such plea. I think I am right in saying that in the original insurance scheme there was a penny of the contribution put aside definitely for research, and that was commuted into the payment which has eventuated as the Medical Research Council, now doing magnificent work under the Privy Council. I entirely endorse any proposal for giving more help to that Council or to research generally, but it would be unfair not to mention that that research work arose out of the National

Health Insurance scheme. It is true that we want to look beyond the relief that has been afforded by the insurance scheme. That scheme has provided a most magnificent means of relief in the form of various benefits to the population. But when we come to look at the larger and wiser object which was aimed at specifically in the Act, namely, the prevention of disease, it has to be admitted that the whole insurance scheme has been a dead failure, an absolute failure. It has not resulted in the prevention of disease in any way and it does not tend to the prevention of disease.

It is only in so far as we may be able in future administration to correlate the system of the insurance scheme with that of preventive agencies throughout the country that we can hope for any marked improvement. The pensions for widows and orphans and the aged are among the magnificent new contributions to health, inasmuch as poverty is one of the three essential elements in the causation of ill-health. In so far as one may attribute ill-health to preventable causes, one may say definitely that the three main elements are poverty and ignorance and carelessness. It may be poverty in those who are neither ignorant nor careless; it may be ignorance amongst those who are neither poor nor careless; and it may be pure carelessness among those who are neither poor nor ignorant; but it is quite certain that poverty, grinding poverty, is at the bottom of a large amount of ill-health at the present time. If you can do away with this poverty, for which the individuals are really not responsible, as has been largely done by the Widows', Orphans' and Old Age Pensions scheme, you are going a long way towards improving indirectly the health of the community.

I wish to make a few remarks on the present position of the housing problem. From our side we have urged, and to some extent have been joined by all parties inside and outside the House, that in facing the appalling problem of housing after the War, despite the fact of people being intolerably overcrowded, despite the fact that houses that were dilapidated and out of repair and still inhabited, the main and essential thing was to get the building industry back to work, to increase the supply of houses before we could tackle, or while

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 we were tackling, the other thing. I would like, on behalf of all who are keen on this subject, to offer my small share of congratulation to the Minister of Health for the wonderful way in which he has managed to attain that object with the help of all parties. What is more remarkable is that the building trade has not simply been got back to work on the original plan, but, as the right hon. Gentleman has said this afternoon, back to work with a production of something like three times the number of houses in a year that were produced before the War. It is a wonderful achievement and one with which we can be heartily satisfied.

That fact is, perhaps, one answer to the question raised by the last speaker, as to the expensive house. When you have a large demand for any product and a small supply, prices naturally go up and you cannot prevent it. The facts here are that you have an ever-increasing demand for housing, and as long as the supply is limited, however great that supply may be, prices are bound to rise. You cannot keep them down except by compulsory and punitive measures. We know there was an idea that we should introduce compulsory and punitive measures to reduce profits. There has never been an idea that we should reduce wages by such methods in the building trade, but there was that idea of reducing profits. It faded away when we were face to face with the effort of trying to arrive at that result. It was impossible to keep profits down where you had so large a demand. The supply is still inadequate. It is true that we have built nearly 900,000 houses in England and Wales alone since the War, and that on the basis of the provision made for the population of 1911 we shall probably arrive at an equal accommodation of the population within the next couple of years; by the middle of 1930, if we build at the present rate, we shall have the population housed on much the same conditions as in 1911, with some improvement.

But what were the conditions in 1911? In England and Wales then we had 3,200,000 persons living in overcrowded conditions, more than two to a room. That condition of overcrowding continues now. According to the 1921

census there were nearly 1,000,000 people in Greater London who were living in overcrowded conditions, more than two to a room. That figure epitomises the awful stories that we constantly read in the surveys of housing that are going on. In Chelsea and Westminster recently very active and well-informed housing associations have issued reports of their surveys. I must say, knowing housing so well in London, that I am surprised that the surveys are not worse. They reveal some appalling conditions in dilapidated houses that are still allowed to be inhabited and have to be inhabited, where two or three families are living in accommodation sufficient for only one. There are cases where two or three families have only one set of conveniences or kitchens. The conditions are appalling and they have to be tackled; they are no less difficult than the task of overcoming the mere lack in the number of houses. We have to take up that question.

If you read the reports of medical officers of health throughout the country you will find that during the last 10 years they have skimmed very lightly over the question of the dilapidated house. Why? Because when they have reported houses as dilapidated and not fit for habitation, no action has been taken; the local authority did not dare to take action. So houses have continued to be let when they have been reported as insanitary, and they are still inhabited. I hope that this question of administration will be taken up with increasing energy by the Ministry of Health as the number of houses built becomes more adequate. As we get towards an adequate supply of houses, there should be increasing work in securing the reporting, the closure and the demolition of the disgraceful houses that are still allowed to be inhabited and unfortunately have had to be inhabited hitherto. That is one thing for which I should ask. I suggest also that, whereas the reports of medical officers of health have in the past been extremely voluminous or varied in their size every year, and latterly they have taken to concentrating upon a survey once in every five years, the Ministry of Health should, at least once in every five years, call for a survey by the medical officers throughout the country

not only of the individual areas but also areas grouped together under the county councils—a survey of the housing conditions, showing what is being done in order to meet the differing needs of the housing problem.

My right hon. Friend the Minister of Health has been criticised for speaking of his desire to stimulate especially the building of small houses. I feel sure that I am interpreting rightly the inquiries made by the last speaker, when I say that what he meant was not to diminish the size of any particular house, but that, inasmuch as the subsidy is allowed for houses of different sizes and local authorities generally have two, three or four standards of size, the Minister should concentrate more on those lower standards that are already being built for the working class. A trust with which I am connected is building, very largely owing to the generosity of a gentleman who died 25 years ago, houses for the working classes. When we are deciding on any big scheme for congested areas we have to decide what is the size of house required by the working classes. In some areas we have been told that the houses that we build are too big and that smaller houses are preferred for various reasons. In other areas we have a demand for the middle-sized house. As one surveys the whole problem one must recognise that the subsidy has been too much used for the building of houses for artisans and the better-paid worker, and that there has not been sufficient provision for those who get the pay only of casual labourers and men of that sort. I trust that the Minister will endorse that opinion in his reply. Perhaps the subsidy has gone too much to those who can pay. Anyhow, if continued on the same lines it would still be going into the pockets of those who can well afford, through building societies or other agencies, to build their houses without State help. We want the whole of the funds that are available from public sources for housing purposes to be given only to those who really are in need.

What is being done with regard to that useful little Measure, the Housing (Rural Workers) Act, which enabled grants and loans to be given for the

6.0 p.m. repair of workers' houses in the rural areas? It is limited to houses which are let at low rents and which will continue to be let at low rents

to the working classes, and it should relieve the rural areas of an enormous difficulty. The local authorities have found it impossible to take action in this matter because of the wretched rents that by custom have been paid in the country for these houses—3s., 2s. and, in some cases, even 1s. per week. Of course there are other factors to be considered, but I believe that Act enables local authorities to take strong action. They can insist on houses being either repaired or closed and demolished. They have also power, if there are not enough houses, to build, with the help of the subsidies now available. I hope we shall hear to what extent the county councils are rising to their opportunities in this matter and to what extent they are leaving it to the rural district councils who may apply to be authorities under the Act.

I hope also we shall learn that the Ministry is going to take steps to see that those authorities which have been lax or slack in adopting the Act are brought up to the mark. I hope the county councils will be pressed to do more than they have been doing hitherto on this question. There are many points in regard to which they could do more, owing to recent Acts. There is, for instance, the question of the public utility societies, which are doing so much useful work for the housing of the workers. These societies are always in difficulties with their finance. They require help, and in many cases they are trying to work under small local authorities which have not the power to finance them properly. Indeed, in some cases, these local authorities have financed them, over and above their own rateable value, and it is the county council which should help in this respect. I trust, therefore, the county councils will be urged to take action in this matter. I look forward to hearing two announcements from the Minister. I do not know if it would be in order merely to mention the question of slum clearances. That will require vigorous action before long. We have been promised a further pronouncement on Section 46 of the Housing Act, regarding compensation for slum clearance, which at the present moment, stands in the way of action by local authorities.

The CHAIRMAN (Mr. James Hope):
The Minister will not be in order in

[The Chairman.]

giving any exposition of legislation which he may be disposed to introduce. If the hon. and gallant Member asks him whether he has in contemplation dealing with this or that question, he is entitled to reply, but he cannot deal with legislation in this case.

Lieut.-Colonel FREMANTLE: This is a subject which is concerned both with administration and legislation, and one may ask from the administrative side, to what extent slum clearance schemes are going ahead or may be expected to go ahead in the near future under existing legislation. The other point on which I hope to hear a statement by the Minister is in regard to the Rent Restrictions Act. That question will have to be faced in the near future. The Minister has said he is going to announce his policy before the end of this year. I know the difficulties in connection with the matter, but it is a question which goes to the root of the housing problem, and if it is in the power of the administration to postpone the coming into effect of certain provisions, then it is a matter of the first importance. I will not go further into that subject, but will await another opportunity of discussing it. Any idea that we have come to the end of the housing problem, or even within sight of the end, merely because we have such a fine record as the Minister has put before us to-day, would be grossly misleading, and I hope in all parts of the Committee, we shall continue to take an active part in trying to arrive at a solution of this seemingly interminable problem.

Mr. BRIANT: There is no Ministry which comes so near to the homes of the people as this Ministry. Whether it is dealing with pensions or insurance, with health or with housing, it is essentially a Ministry which ought to be called, indeed, the "Ministry for Home Affairs." It is the Ministry for the home. We were all glad to hear from the Minister his references to research in all matters connected with health. I do not grudge a farthing of that expenditure; indeed, I do not think we spend enough on research, but the fact remains that, however much we spend on research and whatever may be the discoveries of medical science, we can do but little for the health of the com-

munity as long as present housing conditions exist. Anyone who knows the subject at all is aware that bad housing produces disease, and no amount of preventive medicine, no medical knowledge, will prevent the spread of disease with great rapidity as long as bad housing continues. This applies particularly to such diseases as tubercular diseases, which are almost entirely—I will not say entirely—produced by bad conditions of housing. It is not my habit to go to books or reports in order to know the truth. There is hardly a day in my life on which I am not approached with some pathetic story of a man, who has the money to pay for more accommodation, seeking almost in tears for additional rooms and unable to find them. Yesterday, I had a case of six people who were living in two rooms. They included an anæmic boy, who, obviously, will continue to be anæmic as long as he lives in that crowded atmosphere. That lad will grow up with a weakened constitution, and, probably, will be a burden on the community at a later stage of his life. Certainly, he will not be an efficient citizen, and it is idle to talk of many of these subsidiary questions as long as we fail to grapple with the health question. I do not intend to dwell on that proposition, which is self-evident, though I might add that there is no great problem with which social workers have to deal, such as juvenile crime or drink, which cannot be traced back to health.

One must be discursive in dealing with this Vote, because the work of the Ministry is widespread and many questions arise on it. I wish to refer first to the accumulated balances of the approved societies. There are many directions in which I wish to see these accumulations used. Any medical man will support me in the statement that a very large number of women who die at childbirth or who live on with enfeebled constitutions, could be saved from death or ill-health if they had proper medical care and had certificated midwives to attend them. I want to see the time when these balances—and I hope the idea will be favoured by the approved societies and the Minister—can be utilised to make definite provision for proper nursing, and care for women in this condition. I believe the saving to the community would be enormous, and

would far outweigh the expenditure of money. Turning to another matter, in my experience a large number of men and women, who have not recovered from the direct effects of illness, return to work before they are fit. Those who know the working class will bear me out when I say that it is the best of the workers who go back most promptly to work.

The good workman sees he cannot live on the money which he receives in benefit, even if his doctor retains him on the list, and he is anxious to get back to work because, during sickness, he has had to use more money than he has been receiving, which means applications for relief, and also that tragic feature of many workers' lives, an added number of pawn-tickets showing how the home is being reduced. The better the man, the more anxious is he to get back to work, and thousands of men and women go back to work before they have recovered proper health. Most of us here are fortunate enough to be able to allow ourselves a certain period for recovery, after the acute period of an illness, but many of these people have to resume their occupations before complete recovery. This means enfeebled constitutions, if it does not actually reduce their years of life. I think, in time, some way might be devised by which every worker should have the opportunity of being sent away for at least a month on a doctor's certificate, and by which funds should be provided to keep the family in the condition in which they were kept while the wage-earner was fully employed. It is only in this way that we can give them a chance of that complete recovery which, I am sure, we wish for all those whose circumstances are such as I have related.

I now propose to glance rapidly at two subjects which are quite disconnected. We have heard that there is a committee inquiring into the question of vaccination. I wish at once to make it clear that I am not an opponent of vaccination. As a layman, weighing up the evidence, I have long been convinced that, on the whole, vaccination is a preventive of smallpox, but I am bound to add that recently there have been some statements which are at least disconcerting, particularly, with regard to the possible connection—I say "possible" connection—between encephalitis and inoculation. I am not

satisfied that we are getting all the facts. May I add, as one who believes in vaccination, that if anything would deter people from vaccination, it is a doubt as to what effects it may produce in their children? I understand that the Andrewes Committee made a report, which is in the hands of some French people, and has been published by them, but has never been submitted to the English public. That report ought to be made public to us as well as to other people. I think we have a right, not merely to wait for the result of the inquiry which is now being held, but to ask for some preliminary report from the committee which is sitting, giving information as to the cases of encephalitis which have occurred within a period of two months after vaccination. I do not wish to disturb the public mind. I am not frightened or startled in the least, but we have a right to know the facts as far as they are presentable to us. We should not necessarily be compelled to wait for the final report of a committee which may take a long time in pursuing its inquiries, while, in the meantime, these statements are disturbing many people and are creating anxiety on this subject.

I turn to still another subject—one in which I have taken a great interest. That is the condition of the workers in the hop districts. I was disturbed when the Minister of Health the other day, in answer to a question, said he saw no reason why the report of his own medical officer should be issued. No such report was issued by the Department, and I think the House of Commons have a right to demand to see the report of the inspector who visited the hopfields. I have visited them and I state frankly that some of the conditions are disgusting and almost beyond belief by those who have not seen them. I believe there has been an improvement, and I say at once I am not including in my statement by any means all the hop growers. Many of them conduct their farms as well as possible, considering the temporary nature of the work, but it is a fact that the hop grower has to get his living through this temporary work. There are not enough workmen in his own district to do the work.

The workers, however, have a right to demand that they should be put into conditions which are tolerable and at least

[Mr. Briant.]

decent, and I can assure the Committee, from personal knowledge, that that is not the case in many instances. There was drawn up a list of model rules in 1926, I think, and I would like to be told how many of the district councils have adopted those rules, how many put them into force last year, and how many will put them into force this year. I think we might be supplied with the actual reports of what the medical inspectors have seen. I have every reliance on their judgment and knowledge. I have seen reports of local medical officers, and some of them have made statements as to conditions still existing which I am sure no Member of this Committee would sanction for a moment on his own property. I have myself seen a family huddled together in a small hut, without a chair or table, with a straw mattress, and the only place where food could be put was on the dirty straw that was left on the floor and covered with litter by the children running in and out. There was no place for the children to play, and there was nothing but this tiny hut in which to sleep and eat. These matters concern me because from South London there is a migration into Kent every year of some 60,000 people during the four or six weeks of the hop-picking. I hope the Minister will be able to give us some more information on this subject. It is time that the Committee should demand to see the returns I have mentioned; they were issued in the past, and they should be placed in our hands to-day.

I am afraid I have been somewhat discursive, but I take a keen interest in these points. To return to what I said at the beginning, I hope that whatever the Ministry may do in the way of research, it will do it thoroughly. I hope that the right hon. Gentleman will not spare money in this matter, for if you can save the health of a single person, the community will win that money back in a few years' time, and if you can prevent a person having an illness, it will be repaid over and over again to the general public. The rates and taxes are enormously enhanced by the heavy charge caused by people whom we have neglected when they were curable and allowed to get into an incurable position, when they have become a burden on the State. I have every confidence in the

Minister, who is keen on these subjects himself, and I hope he will give some encouragement to us who feel that health is the greatest service to the community and that the opportunities of the Ministry for good are probably unequalled by those of any other Ministry in the country.

Dr. VERNON DAVIES: It was with very great pleasure and admiration that one listened to the speech of the Minister of Health—admiration for the facility with which he travelled from subject to subject, showing great knowledge of each, and giving the Committee very valuable information which had to be more or less contracted, but which justified the opinion which, I am sure, is held on all sides of the House that in the Minister of Health and his Parliamentary Secretary we have a Department which is functioning in the very best possible way. It is, however, surprising that a Department which should be concerned solely with the health of the nation has to spend so much time and opportunity on other subjects, which are perhaps only remotely connected with health. When I found that the Amendment from the Liberal Benches to reduce the Vote was moved in a speech that was practically confined to the very intricate and technical subject of rating, I wondered why in the world the Ministry of Health should be dealing with that question when there are so many vital subjects affecting the health of the community to be discussed. The Minister prophesied last year that the reduction of the housing subsidy was going to reduce the price of houses, and the Labour party then were sceptical on that subject, but I am sure that to-day they are as delighted as we are to find that the Minister was right in his prognostication, and I suggest to them that the next time he prophesies, they should accept his prophecy as a very good tip.

The references of the Minister to public health were very favourable, but one got the impression from his speech that everything was as well as it could be. I do not think that is quite the case. The right hon. Gentleman had to confine his remarks on each subject to such a small compass that it was easy to convey rather a false impression, and I would specifically refer to his remarks on cancer. The impression that he gave me was that the outlook for cancer was very much

better than it had been and that he almost ventured to prophesy that within a more or less reasonable time we should have a cure for that disease. We hope that that is so, but I think it is very much too strong a statement to go forth to the public at the present time. Very good work is being and has been done, but at present I think it must be emphasised again that the only chance for a patient with cancer is early and complete operation, and not to wait for anything that the Minister may have in mind, or for any invention or discovery that may be made in future. The only chance at present is early operation, and I would like to emphasise that to correct perhaps an impression which the Minister did not mean to convey. I would like to ask the Parliamentary Secretary a question with regard to the post-graduate hospital. Most of the London hospitals and many provincial hospitals have post-graduate students. I do not quite understand how this new hospital will function. I understand that it has been provided by the Rockefeller Foundation, but how will it be kept up? Is it really going to become a State hospital for post-graduate study, not confined to medical men in this country, but open to medical men of all nations? Will a fee be charged to these medical men? That is rather an important point, because one would like to know if it is the beginning of the State control of medicine or of a State medical service, or if it is simply the State helping medical men to provide facilities at a low cost to themselves, because they have those facilities at the present time, provided that they are willing to pay for them, at most of the London and provincial hospitals.

There is one subject to which the Minister referred very slightly, and that is the question of smallpox. I have noticed in reading in OFFICIAL REPORT during the last few months that various questions have been put from various sections of the House with regard to smallpox, and I will give three or four items of information which have appeared in the OFFICIAL REPORT. We have found that during the year ended 2nd April last there have been 12,922 cases of smallpox notified in this country; that the deaths registered during the year ended 31st March from smallpox were 33; that this year there have been so far 28 deaths, 21 of unvaccinated people and

seven of people vaccinated in infancy; that in the County of Durham there were 20 cases of smallpox in 1924, 1,138 cases in 1925, and 6,645 cases in 1926. We also found that they have had nine cases in Hendon, of which five were fatal. These answers show that smallpox has been definitely increasing in this country in the last few years, from 2,504 cases in 1923 to 12,922 in the year ended 2nd April, 1927, and with this steady increase of smallpox there has been a steady increase in the death-rate, because we find that in 1914 there were four deaths; in 1915, 13 deaths; in 1916, 18 deaths; then we get down to 1921, five deaths; in 1922 they went up to 27 deaths; in 1923 they went down to seven deaths; in the year ended 31st March there were 33 deaths; and this year so far there have been 28 deaths.

One also found that in 1924 there was an outbreak of smallpox in 148 separate districts in this country. That means that we are gradually but surely advancing towards an epidemic of smallpox, there being increases all over the country both in the number of cases and in the number of deaths. Fortunately, it has been of an exceedingly mild type, but that has made it much more difficult for the local authorities to deal with the earlier cases and to prevent the spread of the disease. I think the Minister of Health has a very definite responsibility in this matter, and I suggest, with great respect, that the Ministry are not adequately carrying out the powers conferred upon them in dealing with this danger. We know that the Minister of Health, by his control over boards of guardians and also over other local authorities in health matters, has a very definite power, both moral and financial. In the year 1924 there were only 47·5 per cent. of successful vaccinations, 37·1 per cent. of conscientious objectors, 5·4 per cent. died unvaccinated, and 0·2 per cent. were insusceptible; and we find that there is a balance of 10 per cent. not accounted for. This 10 per cent. probably consists of children who have escaped the meshes of the vaccination officer.

We may as well put it quite plainly, and I blame the Minister of Health for not seeing that the Vaccination Act is properly carried out. Under the Vaccination Act of 1898, a conscientious objector was given a chance of declaring that he

[Dr. Davies.] conscientiously believed that vaccination would be prejudicial to the health of his child, but it was made rather difficult, because he had to appear before two justices, or a stipendiary magistrate, or a metropolitan magistrate, and there was a certain amount of difficulty in getting an exemption certificate. The result was that the number of exemptions granted under that Act kept fairly steady, but in 1907 a new Vaccination Act was brought in, which made the conscientious objectors' Clause very much more simple, and all that they had to do was to go before a justice of the peace, a commissioner for oaths, or some officer, authorised to receive a statutory declaration, and make a declaration of conscientious objection to vaccination, and the certificate was given them. The result is that, in 1908, 63·2 per cent. of children were successfully vaccinated, but in 1914 the figure had come down to 44·6 per cent., and in 1922 it was 40·3 per cent. One point to be noted in connection with the statistics is that when small-pox occurred there was a larger number of successful vaccinations but a year or two afterwards people got less frightened and said, "This is a very slight disease; this is a very mild small-pox—some people think it is chicken-pox—and we will not bother."

I would like to say that I entirely disbelieve in these conscientious objections. In very few cases is there a real conscientious objection. I am speaking from my own personal experience. I found very often in the course of my practice that parents would not allow their children to be vaccinated because they said they had a conscientious objection. Later many of those people emigrated to America. America has more sense than we have. America will not allow people to enter that country unless they have been vaccinated, and I never met a single conscientious objector who refused to have his child vaccinated if he wanted to go to America. In a case like that I say it is not a conscientious objection. The reason parents refuse to have their children vaccinated is not because they have a conscientious objection to vaccination, but a parental feeling that they do not want the baby to suffer any pain. If a child is vaccinated the arm is sore for two or three days and the child is fretful

and restless, and parents say, "Why should the child suffer pain? Go and get a certificate; the magistrate is compelled to give it." Thus we have in the country a huge number of unvaccinated people who are an absolute danger to the community.

In a way I do not regret that, because I am convinced that certain people are so bigoted, shall I say, against vaccination that the only thing that will cure them is a big epidemic of small-pox, with a high fatality rate. It is a terrible thing to expect, but, as far as I can see, it is bound to come. The Minister of Health has a duty to perform. It is the law of the land, to see that children are vaccinated unless they are granted exemption; and when he finds from his own statistics that things are not being properly carried out I say it is his bounden duty to put the law into operation and to exert pressure upon boards of guardians and local authorities. I would like to draw the attention of the Parliamentary Secretary to some remarks in the report of the Chief Medical Officer of Health for 1925-26:

"It is regrettable to have to record that the spread of the disease in the north-east counties was due to some extent to the failure of two sanitary authorities and their medical officers of health to take adequate steps to control the disease within that district."

What has the Minister done about that? Has he taken any action whatever? Have those medical officers of health been spoken to, or reprimanded, or have they been dismissed?

"One ill-administered district in the Tyne-side area caused the malady to spread into eight other districts in the vicinity."

Has anything been done to that local authority?

"Delay in the removal to hospital of a considerable number of cases inevitably led to the spread of the disease from the patients left at home."

These are extracts from the report of the Chief Medical Officer of the Ministry of Health. I would like the Parliamentary Secretary to tell the Committee whether the Minister has taken any definite action upon this very serious report? If the medical officers in certain districts are neglecting their work, because that is what it comes to, the Minister of Health, seeing that he pays half the salary of these officers, ought to take steps to regulate the situation. If it is

reported to the Department that a certain official has not carried out his work properly, it is the bounden duty of the Ministry to interfere, and either see that an improvement is brought about or that the man is dismissed. I am speaking against my own profession, but no medical man has a right to undertake definite responsibilities affecting the health of the community unless he discharges his duty to the best of his ability. I recognise that in certain cases medical officers have to deal with recalcitrant local authorities or boards of guardians, but a medical officer of health has a definite responsibility to the community, and the Minister of Health has a definite responsibility to Parliament to see that he performs his duties properly.

A few days ago I asked a question about Government lymph and suggested that it should be sold to all practitioners who desire to use it. My reason for doing that is that Government lymph is an exceedingly good lymph, very pure, and undoubtedly the best lymph in the country. It is a very successful lymph, because in 1924 there was a case-success of 99 per cent. with primary vaccinations, which is a very high percentage. My experience in practice was that it was impossible to get lymph from any firm which was comparable in any degree to the Government lymph. If you had vaccinated a child and the result was unsuccessful, you said the child was not susceptible to vaccination; perhaps you persuaded the mother to allow a second or third vaccination, and still the child appeared to be not susceptible, and that created a sense of false security both in the doctor and in the mother. Later I was appointed a public vaccinator, and I started to use Government lymph. I got magnificent results with all my public cases, practically speaking never having a failure. In a very short time I found my private patients coming to me and saying they would rather be vaccinated with Government lymph. I told them that if that were done, they might have to allow the child to be inspected later on by a Government Inspector. They said, "We do not mind that in the least," and before I retired from practice every one of my vaccination patients was being vaccinated with Government lymph. [HON. MEMBERS: "Nationalisation!"] It was not nationalisation. I had absolute faith

in that lymph. I felt perfectly certain if I vaccinated a child with that lymph and it did not "take," that the child was not susceptible, and it was the only time I was confident.

Why should not other doctors have the same opportunity of using Government lymph? Over and over again patients were sent to me by other doctors, who said, "We cannot get Government lymph; we have not any confidence in the lymph we are getting; will you be good enough to vaccinate the patient?" It was my duty to do so, and I was only too pleased to do it, and I would suggest to the Minister, now that he is back in his place, that it would be a very useful thing to allow any medical man in the country who desires to do so to purchase Government lymph. The sense of security, both to the doctors and the patients, would be well worth it. In addition to that, the Department would probably make a very great profit. When going over Mill Hill Hospital a month or two ago, I found they made absolutely all their own vaccines and sera, and they made a profit of nearly £7,000 a year by supplying the Services. In view of the danger which overshadows this country of an epidemic of small-pox, which may be virulent in character, with a very high death rate, it is the duty of the Minister of Health to do all he can to prepare for the emergency by getting people vaccinated now, and not put the question off, as I suggest he is doing by the appointment of a Committee on Vaccination.

The Government will reply that they must await the Report of this Committee. I say that is a false position to take up. Smallpox is in the country—it is spreading throughout the country, and before that Committee reports we may have a very serious epidemic. No one knows when we are going to have it. A serious type of smallpox may break out tomorrow, and I would respectfully urge the Minister of Health to reconsider the question of allowing Government lymph to be supplied to private practitioners upon payment, because I am absolutely convinced that it is the best lymph in the country, and in practically every case where it is used it is successful. [HON. MEMBERS: "Socialism!"] That is not Socialism at all; it is simply common sense, when practical experience has proved that it is a good remedy. Vacci-

[Dr. Davies.]

nation is the only remedy for smallpox. It has the overwhelming support of the medical profession throughout the world. We show ourselves the weakest country in the world in allowing conscientious objections. It is not found in other countries, and the sooner the people of this country realise that under strict anti-septic precautions there is practically no danger in vaccination, but that, on the contrary, vaccination will prevent smallpox, we shall get back to the happy stage which we had reached some years ago, when smallpox was practically wiped out from this country, as it has been from so many other countries. I hope the Minister of Health will use all the powers the law has given him to see that the population of this country is efficiently vaccinated, which they are not at the present time.

Dr. DRUMMOND SHIELS: I feel a great temptation to refer to many of the subjects which have been raised in this Debate. I should like to have spoken on housing, which was dealt with so well by the hon. and gallant Member for St. Albans (Lieut.-Colonel Fremantle), but as a Scotsman I do not like to interfere in the housing affairs of England. I would only say that from his remarks it is quite evident that, in England and Wales, as certainly in Scotland, there is no room for complacency about the housing situation. I was very glad indeed to hear him emphasise the point that the position is still very serious. I should like also to have spoken on vaccination, a topic which was interestingly treated by my colleague the hon. Member for Royton (Dr. Davies). He did not like the suggestion that he was emphasising the principles of Socialism, and said it was not Socialism but common sense. The two things are exactly the same.

The CHAIRMAN: I do not think the hon. Member can enlarge upon that topic.

Dr. SHIELS: I was going to take advantage of the opportunity to say that when it comes to matters of health, and other questions of vital importance in peace or war, we as a country, whatever Government may be in power, take things out of the hands of private enterprise in order to see that they are well done. However, I do not feel particularly un-

kind, and I shall not rub in that point, because I want to take advantage of the quiet and peaceful atmosphere of the Committee to bring forward another subject which has been recently engaging the attention of the Ministry. Before I leave the subject of vaccination, however, may I observe that while I think it is true to say that the medical profession as a whole still believes very strongly in the efficacy of vaccination, I also think that there is some change of opinion in regard to infant vaccination. I have come to the conclusion, seriously, that the time is ripe for another inquiry into the subject of vaccination law. In some respects there is considerable laxity, enforcement is not easy, and I think most medical men would welcome another impartial inquiry so that we may get the vaccination laws put upon a modern and proper footing.

The special subject to which I wish to draw attention is that of the rheumatic child. This matter has been an anxiety to the medical profession for many years and recently active steps have been taken to grapple with the problem. The British Medical Association set up an expert committee in 1924, and this committee has issued two reports, one this year and one last year. The Medical Research Council has also been studying this subject, and has investigated the conditions among rheumatic children in London and Glasgow, and that Council has also published an interesting report. Sir George Newman and many medical officers of health have repeatedly called attention to the ravages of this disease and to its very important social and economic effects. Broadly, the facts are that acute rheumatism or rheumatic fever in children is followed in a large number of cases by heart disease, which if it does not end fatally, may leave the child more or less incapacitated for the ordinary occupations of life. While there are no figures covering the whole country, it has been shown that in particular areas 10 to 15 per cent. of the children at 12 years of age are affected by rheumatism. Therefore, the number in this country as a whole must be very large, and the consequent suffering to individuals and the economic loss to the country from the inability of many of these children to support themselves afterwards must be very great.

It is a very tragic spectacle to see these children come to adolescence, carry on

at ordinary work and then break down and have to go into hospital. From hospital they go back to work again, and the same process is repeated, and unless they are fortunate enough to get a very long rest or have a very light occupation, this ends in early death. The prevention of the disease is, of course, of the first importance. Unfortunately, the specific organism has not yet been discovered. Frequently the condition is associated with sore throat, adenoids and enlarged tonsils, and ample facilities for the treatment of these conditions are very desirable. It seems to be the case that environment has the main effect in this disease. It rarely attacks the children of the well-to-do, and its incidence is almost entirely on poor children. The very poorest children, strange to say, do not suffer nearly so much as the class immediately above, probably because in the very humblest sections of the population there is a very drastic system of survival of the fittest, and those who survive have a great capacity of resistance.

There is no definite feature of the environment which one can say is really the main cause of the disease. The question of housing, especially of the dampness of houses, school conditions, and many other things have been investigated, but there has been nothing very definite discovered in regard to the particular items of environment. There is also no convincing evidence of heredity in connection with this disease, the similarity of environment and contagion accounting for the cases which appear to suggest heredity as a factor. I trust the Minister will encourage, as I know he has already done, the Medical Research Council to go forward with research into this disease, for until we discover the specific cause we shall not be able to have effective prevention, which is what we most seek. Until we have that prevention we must make all necessary arrangements for dealing with those who actually have the disease.

Not only are medical men and those bodies I have mentioned taking a keen interest in this matter, but I am glad to notice that London is giving a very good lead to the country. I think it is to the credit of the London County Council and the Metropolitan Asylums Board that they have given this lead to the whole country by the provision of

special hospital accommodation for cases of acute rheumatism. The London County Council, when deciding this matter, had 1,500 cases of children absent from school on account of these rheumatic conditions. They had conferences with the Metropolitan Asylums Board and the Ministry of Health, and the latter first sanctioned the provision of 60 beds, then 16, and I understand that 350 more are at present being arranged for at Carshalton. It is estimated that no less than 10,000 children in London are suffering from these conditions, and that implies 25 per cent. of chronic invalidity. Surely it is only humane and wise to deal with this matter as the London County Council are dealing with it. This disease can only be effectively dealt with by establishing the special rest homes which they are setting up because the interesting point about this condition is that when it arises, if sufficient rest is available and the child is not hurried back into activity prematurely, there is an excellent chance of its escaping the development of heart disease and the consequent permanent incapacity.

While this is the position in London, I would like to ask the Minister of Health or the Parliamentary Secretary what is the position in the provinces? Are the local authorities being urged to provide similar treatment? Because this problem exists in every town and every village throughout the country. We know that many local authorities have not the facilities or the accommodation except in connection with isolation hospitals which are not particularly suitable for this purpose. Many of them have no money to spend in providing new accommodation, and a large number of these cases have to be treated throughout the provinces in voluntary hospitals, either those for sick children or general hospitals. A few years ago the Ministry granted £500,000 to voluntary hospitals. While we await some satisfactory method of dealing with voluntary hospitals, I would like to know if the Minister of Health has considered, or would he be prepared to consider, the giving of a grant earmarked for these cases to enable the provincial hospitals to provide extra accommodation of this special kind.

I know it is a rather depressing thing for him to ask the Minister of Health to provide more money, but I do know

[Dr. Shiels.]

that he is interested in this matter and that he has co-operated very cordially with the London authorities in providing accommodation for these cases, and I am anxious that he should extend that encouragement and assistance to other parts of the country which are equally in need of it. It cannot be too often emphasised that the percentage of cases developing heart disease can be greatly reduced. There are good authorities who declare that at present 50 per cent. of cases of acute rheumatism in children develop heart disease, and that must be greatly brought down. Another suggestion has been made that this disease should be made notifiable. It is well known that in all matters of research, statistics are most important, and these particulars are difficult to get unless the diseases are notifiable. Hospitals also should arrange with local medical practitioners for the after care of these children when they leave hospital. The children leave the hospital and are better for a time, but they are often allowed to indulge in activities which do them great harm, and which medical after care would prevent.

I should like to see this subject linked up with that of the orthopædic treatment of children. I know that in this matter also the Minister of Health has been co-operating with county and county borough authorities. The treatment of orthopædic cases is that of those who are externally disabled while the acute rheumatic children are correspondingly internally disabled. These two questions are of great importance not only from the humane point of view, but also from the economic point of view, and it is gratifying to think that here humane and economic considerations do not clash. It has been estimated by the best orthopædic authorities—we must pay in passing a tribute to Sir Robert Jones for the work he has done on this subject—that 85 per cent. of these disabled children, many of whom are put into cripples' homes and stay there all their lives or languish at home, a burden to themselves and to the community, could be rendered capable of self-support if taken in hand soon enough, and given the wonderful surgical treatment which is now available from orthopædic surgeons. I am grateful for what has already been done, but it is still very

little, and I ask the Minister of Health to extend his activities and his stimulation to other parts of the country. I would like to say a word in regard to

the matter of maternal mortality about which the hon.

Member for Westhoughton (Mr. Davies) spoke this afternoon. We have recently passed, both for England and Scotland, a Maternity Homes and Midwives Bill which we hope will be of some assistance in the reduction of this mortality. It is certainly a very difficult problem, and it is not altogether easy to understand why the figures remain as they do. I think we must agree however that the pre-natal condition of the mother has a great deal to do not only with maternal mortality but with infantile mortality. The largest individual causes of infantile mortality are premature birth and congenital debility. The child is born too soon, or in such a weak condition that it cannot survive the contact with its new environment, and it is obvious, in that case, that the mother's condition has probably been unsatisfactory. Greater attention to the ante-natal condition of the mother and especially to seeing that she has adequate nourishment, would almost certainly help to diminish maternal mortality. We must do something to improve the figures, as it is a great reflection on us. We have managed to reduce practically all other mortality figures so much, and it is unfortunate that on this one point we seem to have failed. We have not yet got the whole reasons, although we know many of the contributory causes.

In regard to cancer, about which the hon. Member for Royton (Dr. Davies) as well as the Minister, spoke, I should like to ask the Minister what he thinks about the question of publicity. The hon. Member pointed out, as the Minister has done before, that cancer, in the very large majority of cases, is perfectly curable if it is surgically treated at an early stage. People, however, became frightened at the idea that they have cancer, refuse to see a doctor, and in the end are taken in hand when it is too late to do anything effective. Some local authorities in this country—and in America this has been done to a very great extent—have launched a publicity campaign. They have pointed out to their citizens the early symptoms of cancer, telling them in simple language what are the first signs and emphasising the ease with

which a cure can be secured if early treatment is sought. I should like to ask the Parliamentary Secretary when he replies, or the Minister, if the Ministry has ever considered this point, and if they have ever thought of urging local authorities to give this information. Some people say it would spread a fear of cancer, and do more harm than good, but that is not the belief of the surgeons or of the people who are most in contact with this disease, and it has not been the experience of the local authorities when it has been tried. I do think that when you have the facts that early treatment is so satisfactory and that any number of people are not coming for treatment because they do not know that, it is obviously a case for publicity and I would like the Minister to consider that.

I was very glad to hear the Minister's reference to the international aspect of medicine and to the League of Nations, and I was very glad to hear about the new hospital which—although gifted by some of our cousins across the sea—we gather is to be maintained by the State. It only shows that no Government, of whatever colour, in this country can go on without having to approximate to some extent at least to our position. It is very desirable that we should make, as we are able to make and as the right hon. Gentleman pointed out we have made, a good contribution to the international common pool of health activity at Geneva, because we have, amidst all the other rivalries of the nations and the sordid competitions of the different peoples, this nobler rivalry and competition—the rivalry to contribute the most possible to the store of the knowledge of the laws of health.

Mr. HARRIS: We have just listened to a very interesting speech raising very important matters dealing with the Ministry of Health. We have to remember that the Ministry was created out of the Local Government Board in order to accentuate the importance of health. It is quite right that medical problems should be brought before the Committee, but, after all, very much of the disease in this country—and the Minister of Health would be the first to admit it—is caused by unhealthy conditions and environment. I was very glad that the Minister took the opportunity to emphasise the importance of housing. I want, before the

Parliamentary Secretary replies, to switch the mind of the Committee back for a few minutes to housing. Fortunately, I think I can say, without much fear of contradiction, that housing is becoming more and more a non-party question. We are all agreed as to its importance, and as to the evils of overcrowding, its demoralising effects, and the need for a forward policy on the part of every Government. Every Government and party have tried their hand in legislation. At the present time we are in the serious danger of being too satisfied. The danger is largely caused by the fact that at the moment there is considerable progress being made in building. The building that has been done by all agencies is better than for some years past, and, of course, that particularly applies to private enterprise. That might have the effect of lulling the country, the Government and the local authorities into inactivity, and nothing could be more disastrous than that.

It is just as well to recognise—and the Minister will confirm this—that certain local authorities in various parts of the country have more than fulfilled their duty. They have had a housing programme on a large scale, and have made preparations years in advance, bought land and established a staff on such a scale that we can say they are doing their duty. But the right hon. Gentleman would be the first to admit that, while some are more than doing their duty, others are still lagging behind. What I suggest to the Minister is that, while it is his duty and responsibility by all means to praise and to bless those local authorities who are carrying out their functions under the various Acts of 1923, 1924, his own Act and Dr. Addison's Act, which is now practically dead, and the Wheatley Act, he should stimulate and egg on all those who are failing in their duty.

I am not going to attempt to deal with areas outside London, because London itself is quite a problem on its own. Greater London, with a population of 7,250,000, does present a problem that is a serious one quite worthy of the attention of this Committee. Here you have in London an example which is typical of the rest of the country. Some of the local authorities are very active, and others are very much behind. I want frankly to pay a tribute to my

[Mr. Harris.] old authority, the London County Council, and I can say that with the greatest frankness and sincerity because I belong to the Opposition side. It has been my business to criticise, and the majority is that of which the right hon. Gentleman is so distinguished an ornament. There is a Conservative majority and I want to be fair. It is largely due to the energy, activity and imagination of the present chairman, whose distinguished predecessor is sitting opposite, and who did his share and who would be the first to recognise that Colonel Levita has more than consecrated his work and has done his part on the London County Council. Even its severest critics will say that the council has done more than its share in trying to solve the housing problem, both by building houses and to some extent by sum clearances, though in the latter respect we have still much leeway to make up. But while the London County Council have done their part, the other local authorities in the county, outside the London County Council, have largely gone to sleep. I hope that when the Parliamentary Secretary replies he will tell us what he is doing to stimulate the other authorities into activity. Is he just praising and blessing the London County Council for doing their job, or is he doing anything to stimulate other agencies to do their share?

In 1922 the peak load was reached in activity. That was the time when the Addison Act was in full blast before the economy machinery had been set to work, and there you had, not merely the London County Council producing some 5,000 houses in that year, but the local authorities in London and the borough councils and county councils producing 2,000 houses, and the outer authorities 4,000 houses. In 1926—and I have the figures pretty well up to date—the London County Council reached the peak load of 4,600 houses, but the other local authorities in London, the borough councils and the corporations—and I complain particularly about the City Corporation and the city of Westminster—through apathy and inertia sank down, as compared with 2,000 in 1926, to a figure of 900, while the outer authorities, the great dormitories and those outer districts which are rapidly

developing and which have still plenty of land, sank from 4,000 to 2,700. These figures are really worse than they actually look, because some few of the districts are showing great activity, while others are doing practically nothing at all. Here at our very door the wealthy city of Westminster, second in wealth to almost no part of London, has practically done nothing. There have been certain revelations, and there was a revelation in the "Spectator" this week, showing the terrible housing conditions in the city of Westminster. I know it will be argued, with some reason, that land is so valuable that you cannot afford to use land for housing purposes, but while land is valuable the assessable value is high, and the produce of a penny rate is great. I maintain, therefore, that the corporation can well afford to deal with their own slums and make proper provision for housing in their area, at any rate to some extent.

About my own district of Bethnal Green, I can speak with some freedom, as I do not support the majority on the council. They have done their share and built all they could, and though they have been faced with the same difficulty in finding land, wherever there happened to be a quarter of an acre or a piece of land, they have taken the opportunity to build houses. The City of Westminster ought to be doing something of that kind, and even the great City Corporation might be doing something to make its contribution. This problem will only be solved by every organisation and every agency pulling its weight. I know that the anxiety of some of these rich districts is that private enterprise—

Whereupon, the GENTLEMAN USHER OF THE BLACK ROD being come with a Message, the Chairman left the Chair.

Mr. SPEAKER resumed the Chair.

ROYAL ASSENT.

Message to attend the Lords Commissioners.

The House went; and, having returned,

Mr. SPEAKER reported the Royal Assent to:

1. Government of India (Indian Navy) Act, 1927.
2. Pacific Cable Act, 1927.

3. Mercantile Marine Memorial Act, 1927.
4. Ministry of Health Provisional Orders Confirmation (No. 1) Act, 1927.
5. Ministry of Health Provisional Orders (Confirmation (No. 2) Act, 1927.
6. Ministry of Health Provisional Orders Confirmation (No. 3) Act, 1927.
7. Provisional Order (Marriages) Act, 1927.
8. Great Indian Peninsula Railway Annuities Act, 1927.
9. Reading Gas Act, 1927.
10. Farnham Gas and Electricity Act, 1927.
11. Chelsea Borough Council (Superannuation and Pensions) Act, 1927.
12. Commercial Gas Act, 1927.
13. Great Western Railway Act, 1927.
14. Southern Railway (Superannuation Fund) Act, 1927.
15. Frimley and Farnborough District Water Act, 1927.
16. Bury Corporation Act, 1927.
17. North British and Mercantile Insurance Company, Limited, Act, 1927.
18. Scottish Provident Institution Act, 1927.
19. London, Midland and Scottish Railway Act, 1927.
20. Matlocks Urban District Council Act, 1927.
21. Stoke-on-Trent Corporation (Gas) Act, 1927.
22. North Metropolitan Electric Power Supply Act, 1927.
23. War Risks Associations (Distribution of Reserve Funds) Act, 1927.
24. Barnsley Corporation (Water) Act, 1927.
25. London County Council (General Powers) Act, 1927.
26. Southern Railway Act, 1927.
27. West Bridgford Urban District Council Act, 1927.
28. Yorkshire Electric Power Act, 1927.

SUPPLY.

Again considered in Committee.

[Major Sir ARCHIBALD SINCLAIR in the Chair.]

Question again proposed, "That a sum not exceeding £12,943,493 be granted for the said Service."

Mr. HARRIS: When our proceedings were interrupted, I was calling attention to the fact that many local authorities are justifying their inaction in the great London area by the revival of the building of houses by private enterprise. I am one of those who like to see every possible agency at work, but I think it would be most unfortunate for anyone to run away with the idea that the kind of houses being built by private enterprise are really doing much to solve the housing problem. At the present time almost every house built by private enterprise is built for sale, and not for letting, and, therefore, comes right outside the means of the ordinary working man; and, while before the War some 75 per cent. of these houses were occupied by people coming within the definition of the working class, now, to use the words of the Report presented to the London County Council only yesterday, considerably less than one-half, instead of the estimated required proportion of three-fourths, are houses suitable for the working classes. When we come down to the bed-rock of the work done by the London County Council and private enterprise and various agencies, it is pointed out by the county council that there is still a shortage of 52,000 houses to be met. That means that overcrowding is still rampant and that in spite of all our efforts things are not very much improved. It is pointed out by the county council that the number of families has had to be met by closer occupation of houses by more than one family.

We have to recognise facts and to continue our activities. A great promise was held out by the Government 18 months ago that the housing problem could be dealt with by alternative methods of construction. We have had experience of these alternative methods of construction, and perhaps the Minister can give us some guidance. We have made a great attempt to experiment in steel houses. We in London placed orders for almost every kind of steel house. We have been broad-minded; we have had no prejudice and have not been influenced by any desire except that of providing houses to meet the shortage. We have ordered Atholl houses and every other kind of steel house. I have to admit that these houses have not been forthcoming. I believe I am right in saying that up to a few weeks ago not

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a single Atholl house had been delivered. Every steel house that we have put up, in almost every case, has been a disappointment. We have experimented with every kind of wooden house—Norwegian, Swedish, English, Canadian, but they have proved to be more expensive and far less satisfactory than the ordinary house. Experiments have been made with all sorts of concrete houses, but after every kind of experiment has been tried we have been compelled to recognise in London that the best house to build is the brick house and the brick and plaster house.

Unfortunately, the agencies for building the brick and the brick and plaster house have been held up through the shortage of skilled labour. It is no use trying to run away from facts; we have to face them. If we are to meet the shortage in all the agencies that are required for the building of houses, we must get the necessary skilled labour. The shortage of bricklayers is not so serious as it was, although we could do with a great many more; but when we come to plasterers the famine is rampant. Even if more brick houses could be built, the difficulty of getting the necessary skilled plasterers remains a living fact. That is a question which, sooner or later, will have to be faced by some Government or some Department. I have said on many occasions that I do not believe we shall get the necessary skilled labour until the Government have a policy which they are determined to carry out over a period of years. I have suggested 15 years. Whatever the period fixed, it must be fixed, and it must have Government backing. One we fix the period the Government will have a right to go to the trade unions concerned and demand that the necessary skilled labour shall be trained. The skilled labour is not forthcoming.

Mr. MONTAGUE: It is not the fault of the trade unions.

Mr. HARRIS: The hon. Member says that the trade unions are not making the difficulty. I do not believe they will if they can be certain that they will have permanent employment for a period of years. If we had a programme for 15 years the uncertainty would be removed. It is that uncertainty and the constant fluctuation in policy which have prevented

the necessary skilled labour being provided to make up the shortage. It is admitted that a shortage exists. In many cases there have been experiments in substitutes for our present building methods. The substitutes for plastering have always been a failure, but, even if they were practicable, we must get the necessary skilled labour, and that can only be done by good will and pressure on the Government, through the Minister of Health. Many people run away from this question. If we are really in earnest to provide the necessary houses then, surely, the necessary skilled labour must be found. If we get the skilled labour it will mean not only more employment in the building industry, but employment for thousands of other men who are depending for employment upon the skilled trades. I should have liked to elaborate that point, but I have exceeded my time. I hope the Parliamentary Secretary, who is never lacking in courage, will tell us his views and whether there is any prospect in the immediate future of the shortage in one or two branches of skilled labour in house building being made good, because it is only by the shortage being met that we can hope to make up for the shortage of houses.

Sir K. WOOD: There is one preliminary observation that I desire to make before dealing with the general questions. The Committee will remember that in his opening speech my right hon. Friend dealt with a statement which had been made by the hon. Member for the Stratford Division of West Ham (Mr. Groves) regarding the attacks on the newly-appointed West Ham Board of Guardians. My right hon. Friend made a complete statement as far as the allegations were concerned which were made the other night, and I have received a message from the hon. Member, which I promised that I would convey to the Committee, that he desires, after having heard the statement of my right hon. Friend, further to investigate the facts, and that he will in that event propose to deal with the matter on a suitable opportunity, which may possibly be afforded to him next week. My right hon. Friend and myself would welcome every investigation of the facts by the hon. Member, and I quite understand his desire to do so before he makes a further statement on the matter.

My right hon. Friend may congratulate himself upon the reception of his Estimates to-day. Anyone who has listened to the Debate will agree with me when I say that, beyond a certain number of important but minor criticisms, some of a very technical kind, there have been practically no major or important criticisms concerning the administration of the Ministry of Health during the past year. I expected to see present this afternoon the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George), because in the country he has been taking up a very different attitude from that taken by his supporters this afternoon. I was hoping that he would have given my right hon. Friend and myself an opportunity of replying to some of the statements he has made. On the 13th June, speaking at a Liberal demonstration in the Alexandra Theatre, Stoke Newington, the right hon. Gentleman said:

"There had been an increase of unnecessary armaments and by that means a piling up of the burdens of taxation, whilst at the same time they (the Government) had diminished national expenditure on real developments."

He instanced the developments on health. One does not expect particular accuracy from the right hon. Gentleman as far as figures are concerned; but I think that anyone who has given even a cursory glance to the Estimates of my right hon. Friend's Department must see that a more unfounded statement could not possibly have been made. If hon. Members look at almost any branch of the very many matters which have to be administered by the Minister of Health, they will see that the health services of the country are being well maintained and that increased provision is being made by the State as far as the most important services are concerned. For instance, in connection with housing grants there is an additional expenditure of £965,000 a year. In regard to health insurance grants and miscellaneous grants, mainly of a public health character, and various matters of that kind, there have been increased contributions. Therefore, it is a matter of regret to me that statements should be made on a public platform when there is no foundation for them, and that this afternoon when we have a Liberal Motion, and a Liberal Member making a certain

amount of criticism of a perfectly proper character, we should have no suggestions made such as those made by the right hon. Member for Carnarvon Boroughs; suggestions which could not possibly be made in this House.

I shall not be in a position, having regard to my anxiety to fall in with the arrangements made to deal with other subjects which the Liberal party desire to raise at a later stage, to deal with every question that has been brought forward to-day. I suppose no Department in the State has such a variety of business to deal with as the Ministry of Health as will be seen from the questions brought forward to-day. I will do my best to give a reply in the short time that is allowed to me. I will deal, first, with the criticism made in the very moderate, able and admirable speech of the hon. Member for Walthamstow West (Mr. Crawford), who moved a reduction of the Vote. He raised, first, the question of the operations of the Central Valuation Committee in relation to the Rating and Valuation Act, and made some criticisms in regard to the action of my right hon. Friend and his Department in connection with the work of that Committee. His first complaint was that the action which the Central Valuation Committee had taken and the action which had been taken subsequently by my right hon. Friend was wholly wrong, and that my right hon. Friend had misconceived the position altogether, because, in putting into operation such matters, he should have proceeded by way of a scheme, and that scheme should have been laid before the House and have received the approval and sanction of the House. He suggested that my right hon. Friend was attempting by some backdoor means to avoid the operation of Section 57 of the Rating and Valuation Act. Section 57 says:

"For the purpose of promoting uniformity in valuation there shall be constituted in accordance with a scheme to be made by the Minister after consultation with the local authorities . . . a Central Valuation Committee, consisting of members of local authorities. . . ."

as enumerated in the Section. Therefore, the only thing which has to take the form of a scheme is the constitution of the Rating and Valuation Committee. That has been done. There is no provision in this Section for making the

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matters about which the hon. Member complained the subject of any other scheme. To a very large extent that disposes of the major criticism made by the hon. Member, but he went further and said that this Committee is usurping its functions, and that the Minister has improperly endorsed decisions of the Committee. In the first place, this Committee—and a very valuable Committee it is—is composed of the representatives of local authorities. Of the 32 members of the Committee, 26 are members of local authorities, and 24 of them have been appointed by the representative associations. The remainder are experienced local government officials. Only one official is from the Ministry of Health, and he is the Statistical Officer. The powers of this Committee are advisory only. If the hon. Member will look at the Act he will see that neither the Committee nor the Minister can give directions to the local authorities or assessment committees who are responsible for the preparation and revision of the valuation lists.

What, in fact, has happened is that the Committee have considered a number of matters and have submitted to the Ministry representations designed to promote uniformity—I should have thought a very proper object indeed. The Minister, in his turn, felt that he was not in a position to criticise the recommendations made by this responsible body, many of which are of a technical character, so he did what it was his duty to do and brought them to the notice of the local authorities. After all we must, as I believe we can, treat local authorities as responsible people, containing many educated members undoubtedly, and no one who carefully reads the Report of the Central Valuation Committee and the document that has been circulated to local authorities, could for a moment contend that the advice given by the Committee could be anything in the nature of a direction. So that my right hon. Friend has done nothing more than circulate a number of these recommendations to local authorities.

In the letter addressed to local authorities enclosing this document my right hon. Friend said most specifically that it consisted of a series of representations made by the Central Valuation Com-

mittee under Section 57 and that they were circulated to them in the form in which they were submitted to him. I do not think anything could be much clearer or more definite. So far from belittling the work of the Central Valuation Committee, if the hon. Member went to responsible representatives of the great majority of the local authorities up and down the country, they would say their work had been most valuable and their recommendations have been very gratefully received. Local authorities are very carefully advised in all they do, and when they receive these representations they adopt them or not as they think fit. The matter rests with them, and when they take certain steps it is on their own decision and, right or wrong, that is our system of representative municipal government.

Mr. CRAWFORD: I thank the hon. Gentleman for the courteous way he has dealt with the case, but the main point I wished to bring to bear was that these recommendations contained at the bottom of page 24 are contrary to the spirit of the Act of 1925, in so far as they encourage the valuation authority to take up an attitude rather than imposing its will upon rating authorities.

Sir K. WOOD: I do not agree with that. Directly I hear anyone allege that something is contrary to the spirit of an Act of Parliament I am always very careful, because I know that means that at any rate the letter is not being disobeyed. I also know that on the question of the spirit of an Act of Parliament we all have our own differing views, and the law lays down very clearly that we have to deal with what the Act of Parliament says and what it means. I do not for a moment agree that either in the spirit or in the letter the Central Valuation Committee has, in any way, gone outside its proper functions.

The hon. Member raised the question of the panel of referees and complained of its composition. When I tell him how it was arrived at, I think he will agree that a very fair system has been adopted in order to get independent and expert officers. The panel of referees is appointed by the Lord Chief Justice from names submitted to him by the Institution of Civil Engineers and the Surveyors' Institution. There are 39 people on this

panel from which those concerned with this part of the administration of the Act can make their choice. Something more is done in order to make the matter perfectly fair. If any of the parties concerned cannot agree upon one of the 39 under the rules made by the Lord Chief Justice they can go to the Lord Chief Justice and say, "Please select one of these persons from the list." I cannot, and I doubt whether the hon. Member can, think of a system that is fairer or more likely to get an independent body to deal with what, I agree, is a very difficult matter. I hope he will feel that on these two matters I have endeavoured to give him a reasonable explanation and one which has justified the procedure adopted by my right hon. Friend.

A matter of greater importance which has been raised is the question of housing, which my right hon. Friend dealt with so fully, and I think to the general satisfaction of the Committee. I have heard the speech of the hon. Member for South-West Bethnal Green (Mr. Harris) many times, and I often wonder whether if we had as many skilled labourers as the number of speeches he has made on the subject, we should advance faster still with our housing activities. I know it will cheer him up to know that apart from the 217,000 houses erected during the last 12 months—a world record, greater than has been achieved by any other country—arrangements have been definitely made for 160,000 new houses which were either under construction or definitely arranged for on 1st June. Therefore there is no reason why anyone should have any anxiety that the number of houses for the approaching year will be any less than the number for the last 12 months, and when the hon. Member can bring forward a practical plan for increasing that augmentation, in black and white and not in general phrases it will receive my right hon. Friend's most careful consideration. It is not speeches that build houses.

Mr. HARRIS: I was suggesting a greater supply of skilled labour, especially plasterers, of whom there is a great shortage.

Sir K. WOOD: When the hon. Member said he wanted more skilled labour, he said one of the methods to obtain it was to approach the building unions and demand it from them. I would advise him

to consult the leader of his party, who will tell him that efforts have been made in that direction. I think he can be well content to leave the matter there. Everyone must appreciate the need of continuing our efforts. Not a word has been said by my right hon. Friend or myself that we are not fully alive to that side of the situation. We agree that this great progress must be maintained and, if possible, exceeded, but I do not think this is the occasion for carping criticism, if no real practical suggestions are made to assist us in our task.

My right hon. Friend made a statement with regard to the necessity of obtaining houses at lower cost and, if possible, at a lower rent, and he made two suggestions which, I think, will commend themselves to anyone who endeavours to bring a practical mind to this problem. In the first place, he said the subsidy should be reduced, and that is one of the best ways of getting cheaper houses. That, undoubtedly, has been proved to be perfectly true. My experience is that the higher the subsidy the higher has been the cost of the house. In the days of Dr. Addison, for whom there is a good deal to be said, when the largest subsidy was given you had the highest prices. They went sky high—£1,200 and £1,300 a piece. To-day we are starting on a policy of a gradual reduction of the subsidy, and that is undoubtedly one of the means which should be pursued to get cheaper houses. Subsidies are just as vicious in connection with housing as with any other industry.

A matter which has, perhaps, provoked a certain amount of criticism is the suggestion my right hon. Friend made in regard to smaller houses. In considering this matter you ought to compare the conditions in which so many people are unfortunately living to-day with the proposals my right hon. Friend is making. I think this can be said by way of criticism of the present position of the housing situation, that a great deal has been done at a great deal of cost for the middle classes, what we might call the superior artisan, and, if you like, the smaller professional people. But the great problem that undoubtedly concerns anyone who gives serious attention to housing is the fact that we are not getting houses built at such rents as would permit them to be occupied by people

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with very small wages. When an hon. Member opposite criticises the suggestion of smaller houses, it would be a thousand times better for these people to come out of the dreadful conditions under which they are living to-day, some in slums, and go into smaller houses with much better amenities, because the houses built by local authorities have an ample lay-out and open spaces, and it is ridiculous to condemn these people to live in bad conditions, or in slums, because we take the attitude that they must live in larger houses than they can afford. Any practical person who approaches the subject must come to the conclusion that that, at any rate, is not an improper step, and it would be of great benefit to the health of very many people to-day who are living, undoubtedly, in unsatisfactory conditions because of the high rent that has to be paid, and because there is no other practical alternative by which rents can be reduced.

One or two points have been raised in connection with National Insurance, and I should like to answer representations which have been made to me by the hon. Member for Grimsby (Mr. Womersley) and the right hon. Member for Banff (Mr. Templeton) in relation to the question of share fishermen and the difficulty they are in in connection with the National Insurance Act. Both hon. Members have been unceasing in their applications to the Ministry, and representations have been made as to the unfortunate and unfair position in which these men are placed. I am very glad to state that, after we have

8.0 p.m. very carefully considered the case that they have put forward, we agree that something will have to be done, by which these men shall be incorporated in the National Health Insurance scheme. We propose, when we bring forward our new National Health Insurance Bill, which we will have to bring forward in accordance with the recommendations of the Royal Commission, to do our best to deal with the situation put forward by both the hon. Members. I hope that that will give satisfaction to a very deserving body of men up and down the country. The hon. Member for Westhoughton (Mr. Davies) criticised certain matters in connection with national health insurance, and raised very complicated questions, as did also

the hon. Member for Walthamstow (Mr. Crawford). I have here a complete explanation, which I think it would be better if I handed to the hon. Gentlemen, because I have not time to reply at length to-night. But I do want to say a word in connection with the position of the approved societies, and I am glad to say that I can report a very much more satisfactory position than I was able to state when I spoke in this House, I think on the Supplementary Estimate, some months ago.

I stated then that the claims made on approved societies had exceeded those of 1925, owing to the general strike and the coal stoppage, by a sum of over £2,000,000, and I also stated that people were being referred to referees at the rate of 400,000 or 500,000 as a consequence. I also stated that one of the unfortunate reasons for the position of approved societies at that moment was the fact that there was a serious shortage of contributions on account of unemployment. It is perfectly true that, following the coal stoppage, there was an unusual and unfortunate influenza epidemic in 1927, but I hope no one will think that, because of the unfortunate experiences of that year, the great financial strength of those societies can be said in any way to be disturbed. There are a good many indications of improved conditions. The sale of stamps at the post offices during the first five months of 1926 realised £8,125,000; the sale of stamps during the first five months of 1927 realised £8,480,000, an increase of about £350,000. The contribution income in 1926 was £740,000 less than in 1925, and nearly the whole of that reduction was during the last three months of the year. The hon. Gentleman made a point about the cash issues of approved societies. These during the first five months of 1925 were £7,720,000, and during the first five months of 1927, £7,940,000. Therefore, the hon. Gentleman can see that there is, at any rate, a sign of improvement.

Mr. RHYS DAVIES: I asked a specific question as to whether, in view of the result of the Economy Act and the reduction of the contributions of the State, will the societies be in as good a position at the end of the present valuation period as they were at the end of the last valuation period?

Sir K. WOOD: I am not in a position to make any prophesy in regard to that.

Mr. CRAWFURD: I quite recognise that the hon. Gentleman cannot say what will be the state of affairs at the end of the valuation period, but could he state whether there is any prospect of a disposable balance for investment this year?

Sir K. WOOD: I think there is a good prospect of something being available for investment in that way, and there are signs of improvement in that connection. The only other matter with which I want to deal is the suggestion made by the hon. Member for Westthorpe that something more should be done for the trade union approved societies. He said that the trade unions took a greater interest in approved societies than any other bodies. I have in my possession a statement made by the President of the National Union of Trade Union Approved Societies, at their annual conference on 14th June. This is the statement made by the president:

"It was claimed before the Royal Commission that the apathy of insured persons indicated their contentment and satisfaction with the existing order of government in the Industrial Group, and the same apathy was lamented upon by friendly society representatives. This same negative quality is also the great barrier to our progress. It would be illogical to confess to the existence of apathy, and at the same time to claim that the democratic control of Health Insurance by insured persons was in practice of any real value. A distinction should be drawn, however, between a type of society which affords real as distinct from theoretical opportunity for control by its members, and one which does not. The existence of apathy does not alter the fundamental difference between the two types. It nevertheless remains an indisputable fact that the approved society system of administration has not secured that active interest in its control which was predicted for it."

But the matter was carried further than that in the course of the discussion, and this is the observation of the reporter:

"Some bitter references were made to the apathy of trade union leaders in general and to the Trades Union Congress in particular, who seemed to be concerned exclusively with industrial questions and to regard the insurance problem as a nuisance. It was suggested on the other hand that the trouble was the result of the apathy of the rank and file entirely, who, at the time the Insurance Act was passed, were inclined to regard it as a 'Lloyd George

stunt' and were not prepared to act until they were forestalled by the outside societies.

Councillor Ernest Corbey of Salford, the general secretary, while admitting that there was nothing to be gained by attempting to apportion blame, said they had to face the facts that nine-tenths of trade union executives looked upon National Health Insurance as a damned nuisance, and did not co-operate with them as they ought to do."

Therefore, I hope that the hon. Gentleman will not again repeat the statement about the great trade union interest in national health insurance. I wish I could have dealt with the very excellent speech, if I may say so, of the hon. Member for Royton (Dr. Davies), who dealt with small-pox and the necessary steps which should be taken by local authorities. I only want to make one observation on the hospital for post-graduate and medical education, because I do not want the hon. Gentleman, who, I know, has very great influence, or any other hon. Member, to be under the impression that there is any foundation for the statement that there is any idea in the mind of my right hon. Friend the Minister of Health that this should be a State institution. As a matter of fact, this institution is already acting under the auspices of a committee, of which the President of the Royal College of Surgeons, the President of the Royal College of Physicians, the representatives of the chief medical schools, and leading members of the profession like Lord Dawson of Penn are members. This institution will be in the same position as the others: there is no intention that we should start a State institution of that kind. The right hon. Gentleman the Minister of Health, and most hon. Members, believe in the voluntary principle, and I hope we shall do nothing to undermine it. I would like, in conclusion, to apologise to various hon. Members because I have not been able to answer the questions which they have put to me. I would like, on behalf of the right hon. Gentleman the Minister of Health, to thank the great majority of hon. Members who have spoken for the useful contributions which they have made to the Debate.

Mr. LAWSON: I have sat here all day in order to say a few words upon the subject which was raised by the right hon. Gentleman the Minister of Health as to the very alarming facts concerning the

[Mr. Lawson.]

spread of small-pox. I am not one of those who have any love for anti-vaccination, but one thing which has always struck me about the vaccination enthusiasts is that they persistently ignore the connection between good food, and plenty of food, and good health. Whatever the right hon. Gentleman the Minister of Health may say about the effects in areas where vaccination is being practised, they cannot get over the fact that the alarming spread of small-pox has kept pace with the growth of unemployment, reduction of wages, and reduction in the standard of life. It is in those areas where the standard of life is being reduced to the greatest extent that small-pox is growing at an alarming rate. The Minister of Health gave figures which showed that this disease was growing at an alarming rate, but he said it was a mild form of the disease compared with the usual small-pox. But I can speak with some knowledge of this subject, because of information I have had from my own district. No one must run away with the idea that this disease is not an extremely painful one, because it is. To some extent it runs in danger of marking the face like the old form of the disease, only in a milder way.

The right hon. Gentleman and the local authorities have a very great problem to deal with in this epidemic. I have watched it growing stage by stage, and, although I do not want to be an alarmist, I believe that if this disease is not dealt with more effectively than is the case at the present time, it will spread throughout the length and breadth of the country. I do not think the doctors have had to deal with anything like it before. The victims are ill for two days, and then, in most cases, they seem to be quite well. The average layman knows that it takes something like seven or eight days for small-pox to develop, or for the marks to become apparent. So that for five or six days a person may be carrying infection as he goes about his work or as he goes about the towns or villages. The right hon. Gentleman ought to get the doctors to make up their minds whether it is really small-pox and what are the symptoms of this particular disease. There is a well-known doctor in the North of England who says it is not small-pox at all, but a form of chicken-

pox. There are varying opinions as to what it is. There needs to be some consensus of opinion upon this matter. Whatever steps the right hon. Gentleman may take to prevent the spread of this disease, if he really gets down to the causes of it he will investigate the conditions of the people in those parts where small-pox exists. In my own area, the prevalence of the disease has been very extensive indeed. I am not going to say there are bad conditions existing in every family where small-pox breaks out. When fevers and other diseases break loose they spread among all sections of people. Here is what the medical officer of health for Chester-le-Street told the rural district council, and it is very interesting in view of the criticisms which have been levelled at Chester-le-Street as to the extravagant payments they are supposed to have made:

"I see children at meals, and it is very pitiful in some cases to witness the straits to which people are reduced. Three or four days ago I was in a house where the cupboard was bare and the children were getting a dinner which was an absolute disgrace. There was nothing in it to build up health, bone and muscle. When I spoke to the mother and told her that the children were not getting an adequate meal, she said it was the best she had. Many houses get no milk except a tin of condensed milk, which is, perhaps, made to serve a fortnight. Milk is essential for growing children. Until the people get more money through their fingers, I am afraid these circumstances will continue."

I use this material because I know it is first-hand, and because it is particularly in mining areas where small-pox is spreading. It would be impossible to convey to this Committee the physical deterioration which is taking place in the great mine-fields of this country at the present moment. It is one of the most pathetic sights, and I think it has had no parallel in our time. While the right hon. Gentleman may be right from the point of view of preventative purposes in emphasising the question of vaccination, he certainly will not do anything really effective unless he can pay strict attention to the proper feeding of the people in those areas where unemployment runs riot. While the right hon. Gentleman may be right, when we hear the elaborate statements as to the efficacy of vaccination, we say that vaccination is not very much good if people are not able to obtain a regular breakfast.

Question, "That a sum not exceeding £12,943,493 be granted for the said Service," put, and negatived.

Original Question again proposed.

Mr. LANSBURY rose—

Mr. CHAMBERLAIN: I beg to ask leave to withdraw the Motion.

Motion, by leave, withdrawn.

CLASS II.

DOMINIONS OFFICE.

Motion made, and Question proposed,

"That a sum, not exceeding £29,440, be granted to His Majesty, to complete the sum necessary to defray the Charge which will come in course of payment during the year ending on the 31st day of March, 1928, for the Salaries and Expenses of the Department of His Majesty's Secretary of State for Dominion Affairs."—[Note: £20,000 has been voted on account.]

Mr. MACPHERSON: Important as are the questions which have just been discussed, I make no apology when I ask the Committee to consider for a moment or two a matter of world-wide importance. I refer to the Report of the Imperial Conference, and particularly to one aspect of that Report. My hon. Friend the Member for York (Sir J. Marriott) has been very persistent in this House in endeavouring to get a day, or time, for the discussion of that Report. Like many of us, he felt that if a document of such colossal importance was discussed in various other Parliaments of the Empire, it was, surely, not inappropriate that we should ask for a day, or even half a day, to discuss it in the Mother of Parliaments. Perhaps, though this discussion is late, it is not inappropriate that it should take place now, when we have just witnessed the return from their wonderful journey overseas of their Royal Highnesses the Duke and Duchess of York. Nothing fosters the spirit of Empire so much as personal contact, and no link is more powerful in the chain of the Imperial unity than the link of the Throne, and Their Royal Highnesses represented that combination with consummate success. As hon. Members of the Committee are aware, the Report of the Imperial Conference wanders over a very wide field. There were, I think, three main and important points which were discussed.

They are, inter-Imperial relations, foreign policy, defence, economic ques-

tions, and consultation and communications. No doubt each and all of these questions will be discussed this evening, but, so far as I am concerned, I am going to devote my remarks to one question alone, a question which I regard as of primary importance, namely, the question of inter-Imperial relations. For the first time this Report asserts not only the doctrine, but the fact of equality of *status* among the constituent members and Parliaments of the Empire. If anyone reads the Report itself and the discussions in the various Parliaments of the Empire on the Report, they will find that they make wonderful reading. The general impression which I got, and which I think anybody would get, is that the magnificent conception of the British Empire, or, if you like, the British Commonwealth of Nations, is too big a thing to be left to the dangers and chances and caprices of ordinary party politics and that some step must be taken, as soon as it can be taken, to secure continuity and, above all, unity of purpose in a partnership so beneficent and so powerful for the good of the world. I notice in the Report that this question was discussed by the Conference. Very wisely, they said that nothing would be gained by laying down a hard-and-fast constitution for the British Empire, and in their Report they give various reasons for that view. May I just read a sentence or two from the Report, which puts in far better words than I can, on the spur of the moment, their reasons for this point of view. They say:

"Its widely scattered parts have very different characteristics, very different histories, and are at very different stages of evolution; while, considered as a whole, it defies classification and bears no real resemblance to any other political organisation which now exists or has ever yet been tried. There is, however, one most important element in it which, from a strictly constitutional point of view, has now, as regards all vital matters, reached its full development—we refer to the group of self-governing communities composed of Great Britain and the Dominions. Their position and mutual relation may be readily defined. They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations."

[Mr. Macpherson.]

To lay down a hard-and-fast constitution, would, in my judgment, be alien to the genius and traditions of the British people. I quote one other sentence from the Report:

"A foreigner endeavouring to understand the true character of the British Empire by the aid of this formula alone would be tempted to think that it was devised rather to make mutual interference impossible than to make mutual co-operation easy."

In the art of government we have a code and method peculiarly our own. In my view, and in the view of the party I represent, there can be no forcing of any such growth, no undue precipitance. The only safe way is to trust to what the right hon. Member for Seaham (Mr. Webb) called in another connection, the inevitability of gradualness, and the inherent genius of our own people to find a way. The Imperial Conference itself, never so far-reaching in its importance and possibilities as it proved to be on this last occasion, is an example of this. It represents the evolution of past attempts at consultation, the steady silent growth from a Colonial Conference, as far back as 1887, exactly 50 years ago this year, and I am convinced of this, that if it attempted to be a super council or a supreme council sitting in judgment on the various constituent Parliaments of the Empire it would signally fail. It was my good fortune, in common with many of my colleagues, to be a member of the Empire Parliamentary Association which went to the great Dominion of Australia last year, and I am right in saying that all of us, whatever political party we belong to, found pride surging in our bosoms as we travelled round the world and realised that we could travel round the world always landing on British soil, except for an hour or two at Honolulu.

At Canberra, which has now become historic, we had a discussion on this very important topic, a discussion which was initiated with characteristic efficiency and ability by the hon. Member for the Aston Division of Birmingham (Sir E. Cecil). We had, and it was a great joy to us, the advantage of many brilliant speeches, but there were two speeches which impressed themselves on my mind very vividly. One was the speech from the acting Prime Minister of Australia, Dr. Earl Page, and the other was a

speech from our old friend Mr. William Hughes. The gist of their speeches was that the problem before the British Empire was the application of the principles of democratic government to the circumstances of world Empire, and to continue to reconcile the irreconcilable—namely, the autonomy of the parts with the unity of the whole. It was clearly pointed out, not by one speaker but by every speaker, and every single Dominion under the British Crown was represented, that unity of policy is vital to the existence of the British Empire, and that unity of policy is and must continue to be the ideal of the Empire. The question which at once suggests itself is: how is that unity, that continuous policy, to be attained? Before any action is taken the mind of each Dominion should be known and well known to the deciding authority. My own view is that, although an annual Imperial Conference is the ideal, it is quite clear to anybody who knows the far-flung lines of the British Empire that until space and time are obliterated this is quite impossible.

There is another consideration which militates against the holding of an annual conference. Hon. Members know very well how important it is to have the Prime Minister near at hand, and it has always been felt by the Prime Ministers of all the Dominions that it is perfectly impossible for them to be absent from their various Dominions except for a brief space of time. If for the moment an annual conference is impossible, what is to be done? Not only do I think that an annual conference is the ideal, but I go a step further, and I am supported by the united party for whom I am speaking. I have pointed out the almost insuperable obstacles against holding the conference annually, but it is important that when they are held there should be upon them representatives not only of Governments but of the Oppositions in the various Dominions of the Empire. In 1924, as my right hon. Friend the Secretary of State knows, the right hon. Gentleman the Member for Derby (Mr. Thomas), when he was at the Colonial Office, approached the various Parliaments of the Dominions to consider whether it was not practicable, particularly for a conference upon the constitution of the British Empire, to have representatives not only of Governments but of Oppositions as well. I could not do better than

read what was then regarded as the reply to any such suggestion. It will be remembered that the Labour Government demitted office during the course of the negotiations. But in any case, if they had been in office, I doubt very much whether, in view of the answers then given by the Prime Ministers of the more important Dominions, they could possibly have negotiated any further. I will read one or two sentences from Command Paper 2301, "Consultation on matters of foreign policy and general and Imperial interest," which was then issued. The reasons given by the Dominion Premiers at that time for opposing the proposal to have the Opposition as well as the Government as members of the Imperial Conference, were these:

"It would tend to hamper that frank exchange of views and the unrestricted intercommunication of confidential information on such matters as foreign policy and defence. Furthermore, it might easily lead to serious consequences on the return of the delegations to their respective countries. The Leader of the Government and of the Opposition would, respectively, feel compelled to relate his version of the Conference and his reasons for agreement or disagreement with the conclusions arrived at. Further, an atmosphere of political controversy would inevitably obtrude into the Conference itself, and present free and unfettered discussions between men who at the time are actually shouldering responsibilities of Government in their respective countries would disappear."

That was the view then. May I say, with the greatest respect, that I do not think those objections, carefully thought out as they are, should for ever remain valid and insuperable. Let me take one outstanding case. I do not think anybody then commanded greater respect in this country or the Empire than did the Committee of Imperial Defence. It was in the heyday of its usefulness and fame, and, as the Secretary of State knows very well, it did enormously useful work, and indeed, had it not been for it we should have been far more unprepared than we were at the outbreak of the War. The problems which the Committee of Imperial Defence had to solve were almost the same as the problems that the Imperial Conference has to solve, relating to matters of defence and of foreign policy. But though a Liberal Government was in power at that time and had a very large majority behind it, I think Lord Asquith was very wise in inviting the then Leader of the Opposi-

tion, Mr. Balfour, to participate in the deliberations and the discussions of the Imperial Defence Committee. I am convinced that none of the arguments which were advanced by the Prime Ministers of the Dominions in opposition to the proposal which I have made plain to the Committee, was ever used in this House or outside it, when all parties, Government and Opposition, were united in the Committee of Imperial Defence to consider the best way of maintaining the defence of the nation and the Empire. The fact remains, and one cannot gainsay it, that at the present moment some of the Dominions are averse from having the Opposition as well as themselves as delegates to the Imperial Conference. So long as those objections obtain, some machinery has to be devised for improved methods of consultation. I agree with the report that when you are considering methods of that kind for improved consultation in the interval between the Conferences, you cannot rely upon the usual dogmas, but you have rather to look for some flexible machinery. I notice that in the White Paper I have read, one step was suggested by the Prime Minister of Australia during the course of the negotiations with the Labour Government. He thought that one step which should be taken—it has been taken, for all I know, because I happened to be away last year during the Conference—and I think it is a reasonable step, was the creation of a permanent Secretariat. Mr. Bruce said:

"At the present time the Secretariat for the Imperial Conference is provided by the British Government together with representatives of the Dominions concerned, but immediately the Conference is over the Secretariat is broken up and no effective machinery exists for keeping the Dominions continuously informed as to the developments or alterations necessitated by changed circumstances. In the opinion of my Government a great improvement would be effected by the establishment of a permanent Imperial Secretariat."

Not only is that one step which might well be considered, but in the course of the debate at Canberra there were various other proposals brought forward. One was that there should be an improvement in the status of the High Commissioners, that they in reality should be as it were, Ambassadors to this country, and that if the High Commissioners were not changed there might very well be appointed from all the Dominions a Min-

[Mr. Macpherson.]

ister of Cabinet rank who would be resident for some time in London, irrespective of the Government in power, and that he should be in touch at all times with the Home Government. I do not know whether, in the discussion to which we listened in Canberra, that found very great favour or not, but the fact remains that the Australian Government has attempted to meet that suggestion in a practical way. It has, I believe, appointed a liaison officer, Captain Casey—I am not sure whether I am right in this—to act between the Australian Government and the Home Government on matters of foreign policy. I understand that this very valuable officer is doing most effective work; and that the Australian Government is now, as never before, acquainted with the various Foreign Office problems with which this country is confronted.

If none of these proposals is right, may I make a suggestion which I think is worth consideration. I see that the hon. Member for Stroud (Sir F. Nelson) is present. I went to Australia on this delegation, and the thought that suggested itself to many of us then, though not in exactly the same way, was that, as there is a Preparatory Commission in Geneva before, let us say, a Disarmament Conference, so there should be some sort of Parliamentary Conference or Convention composed of members of all parties from all the Dominions meeting once a year. Everyone knows that the essence of the work of a Preparatory Conference is to prepare the programme which will be discussed in the Plenary Session. What has been the experience of the Members of this House within the last three or four years? We have had an Empire Parliamentary Delegation not only to South Africa, but to Australia. My hon. Friend the Member for Orkney and Shetland (Sir R. Hamilton), who may have an opportunity of speaking in this Debate, was one of the Members who went to the Union of South Africa. Members of all parties went to Australia and, I believe, next year there may be an opportunity of going to Canada.

The desire of all the delegates whom I met from all the other Dominions was, that an attempt should be made to have a conference in London of men of all parties from all Parliaments in the

Empire. What did we do in Australia? I can only speak from my own personal experience. I found that these conferences were of great educational value. They embodied well-informed opinion and made each Parliament acquainted with the view not only of every other Parliament, but of every other party in every other Parliament throughout the Dominions. What were our experiences there? There was not a single State which we did not visit and there was not a single Parliament with whose members we did not discuss local and Imperial problems. It was not a question merely of the representatives of this Government visiting the Australian States; it was a question of delegates from every Parliament in the Empire going there. I do not know what were the experiences of my colleagues, but my own experience is clear in my mind. I found the journey a most profitable one. We went there, not as carping critics but as students and inquirers. We learned a great deal from the Australian States individually and collectively. We learned a great deal from the Ministers of the Federal Parliament and, as the delegation was composed I think I may say, of representative men from all parties in the State, the Australian people were good enough to say that they learned a great deal from us.

What stood out above all else was the fact that by personal influence and contact we came to realise the magnitude of their problems and their way of looking at things. We hope that, in return, by contact with us they realised the difficulties of the mother country in the executive control of this great Empire. I would impress upon the Secretary of State to consider whether in view of the fact that it is almost physically impossible to have a yearly plenary conference of the Empire we should not have, on the lines I am suggesting, a Parliamentary conference or convention, composed of men of all parties from all the Parliaments of all the Dominions meeting in some parts of the Empire once every year. I know a great many hon. Members are anxious to speak and I conclude by saying that these are the views of the party to which I belong. I believe, with some confidence, that they are the views of the House of Commons as a whole. We appreciate the unflinching interest which the Secretary of

State has shown throughout his political life and which he continues to show in Imperial problems and any assistance which we can give to maintain our Empire in its proud position as the greatest instrument for peace and liberty in this world we shall gladly give.

Sir JOHN MARRIOTT: I think it would be singularly ungracious if I were not to express at the outset my great appreciation of the courtesy of the Liberal party in providing us with this opportunity of debating a matter of first rate importance. I do not wish to waste any of the short and precious time at my disposal in complaints or regrets as to the defects of our system of procedure, which permits such an anomaly as this. I would, in one sentence, renew the protest which I made in the Debate on the Motion for Adjournment before Whitsuntide, against the vagaries of a system under which the vast majority of the Members of this House find it impossible, except by the grace and courtesy of their political opponents to raise questions of such importance as that which is raised to-night. I have a notice on the Order Paper to this effect:

"That it is desirable that this House should have an opportunity of considering the declarations and recommendations contained in the Report of the Imperial Conference of 1926."

I notice that in the Parliament of the Dominion of Canada three or four months ago the Leader of the Conservative Opposition moved a Resolution to the effect that it was not desirable that that House should be deemed tacitly to have acquiesced in the declarations and recommendations contained in the Report of the Imperial Conference of 1926. Had an opportunity offered I should have been very glad to have moved in the House of Commons here in identical terms, for it seems to me that if it is regarded as intolerable that a Dominion Parliament should be deemed tacitly to have acquiesced in these recommendations and declarations, much more is it intolerable that the acquiescence of this Imperial Parliament—if we may be provisionally permitted to retain the use of that proud but, perhaps, archaic title—should be tacitly assumed. As far as I know, down to the present moment the only reference to this settlement which has been made by a Minister of the Crown in the House

of Commons was an almost casual reference by my right hon. Friend the Home Secretary when he said, speaking in the Debate on the Royal and Parliamentary Titles Act:

"The Dominions of the Crown, the great self-governing Dominions, are, certainly since this last Imperial Conference, co-equal with the United Kingdom. They do not belong to this Parliament; they are not in any sense subject to the jurisdiction of this Parliament." — [OFFICIAL REPORT, 15th March, 1927; col. 1894, Vol. 203.]

Now the point I want the Committee to observe is that my right hon. Friend spoke of something having taken place since the last Imperial Conference. I want to know whether we are to understand that, in the opinion of His Majesty's Ministers, there has been a change in constitutional relations since November, 1926? I want my right hon. Friend the Secretary of State to tell us, quite frankly, has there been a change, and, if so, should not the Imperial Parliament at least have been informed of the change, if not asked formally to sanction it? If there has been a change, what precisely is the nature of the change? Has it affected or will it affect the prerogatives of the Crown? Has it affected or will it affect the rights or duties of this Parliament? We were told in many quarters, more or less responsible, last November when this Report first appeared that there had been no change in inter-Imperial relations. It was said that the old facts had been restated in a new way, that there had been a definition of status which was vague, and so on, but there had been no change. I want to know whether that is the view of His Majesty's Government. It is certainly not the view of His Majesty's advisers in another part of his Empire:

"They had received from the last Imperial Conference"—

I am quoting—

"the acknowledgment by Great Britain of their sovereign national status, with full abandonment by the British Government of any claim to control or superior authority, with the acknowledgment of all rights or privileges, both local and foreign, as equal, free peoples."

Those are the words of His Majesty's Prime Minister in the Union Parliament of South Africa. I want to know from His Majesty's Government to-night: Is it the case that the Dominions have received from the last Imperial Conference

[Sir J. Marriott.]
the acknowledgment of their sovereign national status; was there by the British Government a full abandonment; if so, what did the British Government abandon; and by whom were they authorised to abandon it? The Leader of the Conservative party in the Dominion Parliament of Canada would seem, to some extent, up to a point, to have agreed with the Prime Minister of South Africa. Speaking in the Canadian House, he said:

"Recommendations were made by the Conference involving what one must pronounce to be grave constitutional changes in Canada."

If such changes only affected Canada in a domestic sense, then I should not, perhaps, be entitled to ask what those changes were, but I think I am entitled to ask whether those changes had any reflex action upon the relations between Canada and the Imperial Government, and, if they had, I submit that this House is at least entitled to have official information as to what those changes were.

I want to put to my right hon. Friend one or two rather more specific and particular questions which arise directly out of this Report on Inter-Imperial Relations, but before putting those questions, which I will put as briefly as I can, I want to refer to one or two rather curious sentences in the Preamble of the Report, which begins—and to this I take no exception:

"The Committee are of opinion that nothing would be gained by attempting to lay down a Constitution for the British Empire."

I agree, but they go on:

"There is, however, one most important element in it which, from a strictly constitutional point of view, has now, as regards all vital matters, reached its full development—we refer to the group of self-governing communities composed of Great Britain and the Dominions. Their position and mutual relation may be readily defined"—and the Report proceeds to define them, but it goes on:

"The principles of equality and similarity, appropriate to *status*, do not universally extend to function. Here we require something more than immutable dogmas."

When I read of immutable dogmas and readiness of definition, there sometimes crosses my mind a doubt whether we were altogether wise in letting loose a

metaphysician upon the constitution of the British Empire. I am 9.0 p.m. afraid that a metaphysician in politics may be as dangerous as was an Athanasius in theology, and I can only hope that there will be no attempt to reduce to the articles of a creed the incomprehensible and conflicting dogmas which are, as I submit, accommodated by the subtlety of the metaphysician within the apparently innocent and prosaic pages of this Report. In any case, I hope I shall not be eternally damned if I find it difficult to subscribe to them in their completeness.

Now for the specific questions. The first relates to a matter which we have already debated in this House to some extent, though not since the proclamation of His Majesty; I mean the change in His Majesty's title. I confess that it strikes me rather oddly to read:

"George V., by the Grace of God, of Great Britain, Ireland, and the British Dominions beyond the Seas King,"

and so on, if, as I understand Ireland has claimed very specifically the status of a Dominion, because by this declaration it is obviously excluded from the category of a Dominion. However, that is a point which I will allow to pass. The next question dealt with in the Report is the position of the Governors-General, on which the Report says:

"In our opinion, it is an essential consequence of the equality of status existing among the members of the British Commonwealth of Nations that the Governor-General of a Dominion is the representative of the Crown, holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in Great Britain, and that he is not the representative or agent of His Majesty's Government in Great Britain or of any department of that Government."

What I want to know is this: Have His Majesty's Government indicated to the Dominions their acceptance of any change in the constitutional position or status of the Governors-General, and more particularly in their relation to the British Government? If they have indicated any such change, I should very much like to know precisely what it is. If the Governor-General is to be no longer the representative or agent of His Majesty's Government in Great Britain or of any Department of that Govern-

ment, then two questions seem to me inevitably to arise, which it is very important to set at rest. The first is, On whose advice is the Governor-General to be appointed by the Crown? and the second is, Through what channel is the Governor-General to communicate with the Crown, and are these communications with the Crown brought to the knowledge of His Majesty's constitutional advisers in this country, or are they not? I express a respectful hope that we may have clear answers to these specific questions.

The next question dealt with is the operation of Dominion legislation. The attention of the Conference was called to a number of points which are, no doubt, familiar to hon. Members, and which I will not read in full, but I would draw the attention of the Committee to the conclusion at which the Conference arrived. They came to the conclusion: "that the issues involved"—

that is to say, in the operation of Dominion legislation—

"were so complex that there would be grave danger in attempting any immediate pronouncement other than a statement of certain principles which, in our opinion, underlie the whole question of the operation of Dominion legislation."

If I may respectfully say so, I think they arrived at a very wise conclusion. What I want to know is: Has this Committee to which this conclusion points actually been set up? If it has, might the House of Commons know what is the personnel of that committee? Then there was the question of merchant shipping legislation, in regard to which the Conference finally came to the conclusion, following a precedent which had been found useful on previous occasions, that the general question of merchant shipping legislation had best be committed to a special sub-conference. Has that sub-conference met? Obviously this question of merchant shipping legislation raises a matter of great practical as well as of great theoretical significance, because, as all the Members of this Committee are very well aware, there exists a long series of Acts relating to merchant shipping, Acts which have been passed by this Parliament as the Sovereign Parliament of the Empire and the only body which is competent to pass legisla-

tion binding upon all parts of the Empire. So far as I am aware, no one has up to the present, at any rate up to the publication of this Report, ever questioned the sovereign authority of the King in Parliament as a legislature competent to legislate for the Empire as a whole and to enact laws which possess equal validity in all parts of it. It is perfectly true that the actual sphere of its legislative activity has been very strictly and severely limited. In practice it has been confined to securing objects which are common to the Empire as a whole but are outside the competence of any given Colonial Legislature. I want to know whether that function—and here we are, I suppose, in the region of dogmas which are immutable—has ceased? Would it or would it not still be competent to this Parliament to amend the Merchant Shipping Acts?

There are many other points in this Report to which, if time permitted, I should have been only too glad to call attention. The Report of the Conference as a whole and the discussions which have taken place on it in the Dominion Parliaments have filled me with a certain measure of anxiety and disquietude. It seems to me there is in some quarters a disposition very loyally to accept, or, rather to accentuate, the position of the Crown as the head of the Executive Government of the Empire, but to repudiate the authority of the King in Parliament. That seems to me to be a differentiation of rather sinister augury, with rather unhappy associations. I will not recall those associations more particularly, because they are sinister, and I do not want to tread to-night on ground so delicate; but I will venture to say that no constitutional jurist can be satisfied with the attempt to differentiate between the two aspects and the two functions of sovereignty, which, if not inseparable, cannot without manifest danger be divorced one from the other. I have already hinted that this Report fills me with some disquietude, not only because of, and perhaps less by reason of, what it actually contains, but by reason of the scant attention which has been given to it in this country, and particularly in this House of Commons, scant attention given to a document which, as my right hon. Friend the Member for Ross and

[Sir J. Marriott.]

Cromarty (Mr. Macpherson) said, is a document admittedly of profound and far-reaching constitutional significance.

I had great hopes, 10 years ago, that under the stress of the Great War we were, as an Empire, taking large and rapid strides in the direction of a more organic unity of the Empire. I recall very well the prediction of a distinguished military historian in Germany to the effect that the first shot fired in the great European war would mean the dissolution of Great Britain's loosely-compacted Empire. The words were the words of General Bernhardt. We all recall how completely that prediction was falsified by events. We all recall how, as month succeeded month, the union was drawn closer and closer; and I shall never forget the day when the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George), then at the head of His Majesty's Government—I am very sorry he is not in his place to-night—announced to the great satisfaction of the House that it had that day been determined that the Imperial War Cabinet should form an integral and permanent part of our Imperial Constitution. I think it was on the 17th May, 1917. There were many of us who that day were prepared to sing *Nunc Dimittis*. Then came the Peace Conference in Paris. That was followed, as we all know, and as some of us regret, by a definite lowering of the Imperial temperature, which in the Report we are discussing to-night seems to me to have fallen very near to zero; and the worst of it is that hardly anybody seems to care.

A South African statesman is reported as having said that the British Empire now exists as a name only. I hope he was misreported, but if he was correctly reported then I hope and believe that events will prove his assertion to be inaccurate. In this matter, as the Committee is very well aware, there has been, for years past, a continual ebb and flow of opinion, there has been action and reaction. For the moment I think we are in the trough of the waves. I hope and believe that my right hon. Friend the Secretary of State—and there is no man in whom the Empire has greater confidence—will succeed in righting the craft, and I hope he will forgive me for having broken to-night a silence which I, at any rate, do not regard as good.

Mr. JOHNSTON: The hon. Member who has just sat down gave us a considerable wealth of historical facts and he quoted some learned conundrums on constitutional law to the Secretary of State for the Dominions, but I do not propose to follow on his lines. The right hon. Gentleman the Member for Ross and Cromarty (Mr. Macpherson) raised the issue of whether or not it was possible to have an annual Parliamentary Congress of the Empire, and, as I understood him, he spoke on behalf of the Liberal party and declared that he accepted the point of view so repeatedly urged by my right hon. Friend the Member for Derby (Mr. J. H. Thomas) that in these Parliamentary Conferences the Opposition should be represented. I know the arguments which are used against this annual conference. There are arguments of space and time and lack of money, and I do not propose, and indeed I am not at all competent, to discuss them. But surely there might be agreement on this, that every triennial Imperial Conference should be preceded by a Parliamentary Conference representative of all parts of the Empire, and this I take it could quite easily be organised by the Empire Parliamentary Association. These triennial Parliamentary Conferences might quite easily and quite speedily develop into something in the nature of a Standing Committee of an Imperial Parliament, and we might in our British way develop almost unconsciously into that dream, which many of us hold, of an Imperial Parliament representing all parts of the Empire dealing with Imperial questions only, and leaving every other constituent part of the British Empire with a free measure of Home Rule to look after its own affairs.

Certainly, there are questions which somehow have got to be discussed in common and which cannot be dictated from Whitehall. There are, for instance, questions such as migration, trade, tariffs, defence, foreign relations, and so forth; and no one who studies events in Australia and follows Australian party politics can fail to observe the necessity for closer touch being established between this country and Australia—that is only one illustration—before the tariff barriers and tariff walls are broken to such an extent as to make that economic and organised unity we so desire, a

reality. When one sees, for instance, the tariff being raised, say, by the motor group in this country, and when one understands the feelings aroused, say, in Leicester by a tariff on hosiery in Australia, it seems all the more urgent that steps should be taken, not to interfere with the economic independence of this country or Australia, but to have a joint discussion on all these matters.

In this Parliamentary Convention, which I trust the Secretary of State will see his way to encourage by bringing the suggestion before the Empire Parliamentary Association prior to the next Imperial Conference, I hope there will be representatives of all parts of the Empire, and not of the self-governing Dominions only. I should like to see tribal representatives, representatives of every section and every part of the British Empire, in that Parliamentary Convention. Certainly, there is no reason that I can understand why Ceylon and the West Indies and India should not be represented, and if representatives of those parts, as well as from Nigeria, the Gold Coast, Kenya, and so on, were selected on a tribal basis, it would bring them into touch with the other representatives of the Empire. That would do much more, in my belief, to strengthen the economic and organic unity of the Empire than anything else we have done. I want to say a word about some things in the Report of the last Imperial Conference. It is rather surprising to me that an important issue and an important document such as this should only be possible of discussion, as the hon. Member for York (Sir J. Marriott) put it, by the courtesy of one section of the Opposition.

Mr. MACPHERSON: He said by the courtesy of the Liberal party.

Mr. JOHNSTON: The Liberal party is a section of the Opposition, but, if the right hon. Gentleman prefers me to say, "by the courtesy of the Liberal party," I will say it. There are matters referred to in this Report which I do not think have been discussed here at all. There is, for instance, the work of the Empire Marketing Board, which has not been discussed in this House, and yet no more important development has taken place than the establishment of this Board. They are doing very valuable work on re-

search, but I am not so sure that they are doing such valuable work with regard to markets and the organisation of markets which they might very well do. Mr. Bruce, the Australian Prime Minister, said at the last Imperial Conference—I am quoting from page 73 of the Report of that Conference:

"Practically every great country in the world to-day has taken some step towards organisation on a basis of co-operative marketing, and it is very possible that on this whole question we might have to take an Imperial point of view."

Later on, after referring to rubber and cotton, he said:

"Co-operative marketing is a factor which we shall have increasingly to consider in the future. . . . I am certain that in the end, it will be enormously to the benefit of the consumer if we can get all marketing done on a basis where the producers are not subject to the machinations of the speculator."

That is the considered opinion, not of a Socialist, but of the anti-Labour Premier of Australia. There has got to be co-operative marketing to get rid of, as he calls it, the machinations of the speculator before the profits of trade can accrue to the producer there and the consumer here, and to the producer here and the consumer there. Some attempt has been made, I know, at the organisation of our markets. In New Zealand, according to the statement of the Prime Minister of New Zealand, co-operative organisations under the ægis of the State, have succeeded in securing very considerable reductions in freights and in storage rates. In that connection, I might quote a statement made by Mr. Bruce in dealing with the case of Australia. He said:

"Take the case of meat. A man will breed cattle, carry them for five years, perhaps, transport them conceivably hundreds of miles to a meat works, bear all the cost of treatment at the meat works, bear the freight, bring the meat to Britain with the insurance and other incidental charges, and probably will get for his whole share about one-half to one-third of what is received by those who handle the meat after it has actually reached the hands of the distributor in this country."

Something has got to be done about that. It is not only in regard to meat, but every other commodity which comes from the Dominions. I wonder if the right hon. Gentleman now feels himself in a position to tell the Committee and the country what befell the Australian apple crop two years ago. The entire Tas-

[Mr. Johnston.]

manian apple crop was marketed in this country. There were the transport, the refrigerator, and freight costs, and all the rest of it. It was brought to London, the harbour dues were paid, and it was sold in this country. What did the Tasmanian grower get? Perhaps the right hon. Gentleman will be able to tell the Committee that the Australian grower got nothing for his crop, but had, instead, to send a cheque for something like £30,000 to pay the cost of marketing his goods. With instances like that which occur in regard to fruit and other marketing, and with the evidence we have through the Department of Overseas Trade, there is the fact that the present Government, in letting out their meat contracts, have never considered another aspect of the matter. I asked the Secretary of State for War whether in the meat contract—which was not given to Australia last year but to South America—there was any stipulation about fair wages and fair conditions or hours of labour. He said, "No, it does not apply outside this country." Australia applies it; South America does not apply it, and the right hon. Gentleman purchases in South America the meat supply for this country. The competition is not on a fair basis. If Australia is working a 44-hours week and paying decent wages, and no attempt whatever is made to insist that Australia's competitors shall pay equally fair wages and observe decent conditions, then I submit that the spirit of the Resolution passed in this House regarding fair wages and fair conditions of labour is being ignored by His Majesty's Government and that Australia is not having a fair chance to compete.

I do not know whether the right hon. Gentleman has the latest figures or not, but it seems to me that, apart from the self-governing Dominions altogether, the extraordinary development in British trade and exports to what are called, or used to be called, our Colonies, is worthy of careful study. The figures which I have extracted from the Report of the last Imperial Conference work out something like this. Our exports to these Colonies in 1905 were £18,000,000. In 1913 they had grown to £47,000,000, and in 1925 to £60,000,000. Over those years they have grown by 300 per cent. Allowance must, of course, be made for the

change in prices, but nevertheless the volume of the increased exports to these Colonies deserves the very careful consideration of this Committee.

There is another side to the matter. As I understand it, every family in Australia purchases to-day somewhere about £60 worth of British goods per annum—probably more than £60. What is every family in Greece or in South America purchasing? I cannot get the figures. I have asked questions in this House until I am tired. I have written letters to the Department of Overseas Trade, but, while I acknowledge the courtesy of the present Secretary to the Department, I cannot get the figures, because he does not have them. After months have elapsed, perhaps you get a letter from some British Consul in South America saying that the value of the peso and of money has changed and that it does not buy so much meat as it used to do, and so on, but all that is meaningless. Surely, some Department of State ought to be able to inform us exactly what is the purchasing power per family of every other country in the world. Let us have the facts before us. We have fiscal discussions up and down the country, but we have not the facts, and, as far as I know, no Government Department has them.

Lastly, I should like to say that it is not only in regard to food commodities that effective organisation under the auspices of the Empire Marketing Board could take place. There are raw materials in regard to which effective organisation could be established. Raw materials probably might be the first thing that the Empire Marketing Board, if it knew its business, could tackle. I take the question of the raw material, which forms the staple industry of the city I represent in this House—jute. It is all grown in the British Empire and in one Province—Bengal. Yet last year, owing to speculators and market riggers—and forestallers and regraters, as they used to say in the old Acts of the Scottish Parliament—who have never handled the stuff at all and who are useless parasites on the business, the price for the same quality of first-class raw jute, grown in the same Province and from the same harvest, fluctuated between £29 and £61 per ton. I submit that there is no industry which can be conducted

satisfactorily on a fluctuating basis of that kind. It cannot be done. Decent wages cannot be paid to workers. It would be, surely, very easy for the manufacturers concerned to organise co-operative buying departments and wipe out the speculator. If they will not do it thoroughly, then the British Government must step in and undertake to be the sole importer or organise the imports of such commodities.

Someone may well ask why they do not seize the opportunity of stabilising the price of the raw material. The answer is quite simple: many of them are far more interested in making money as speculators, as middlemen, than they are as owners and managers of factories. If they will not do it, I submit that it is the business of the Empire Marketing Board, in the interest of the British people and of the Indian ryot, in the interest of inter-Imperial commerce, to step in and see that these and similar grievances are remedied. In the Report of one of the Sub-Committees of the Imperial Economic Conference, the Sub-Committee on Industrial Standardisation, some information is given which I have never seen referred to in Debates in this House. That Sub-Committee reported that in Great Britain as a result of even voluntary organisation and standardisation, the number of iron and steel sections was reduced from some hundreds to 113, and that a saving of 5s. per ton. in cost of manufacture has been effected as a consequence. The Report goes on to say:

"It has recently been estimated that the value of the stocks of ironmongery in wholesalers' and retailers' hands in Great Britain amounts to some 25 million pounds sterling, and that comparatively moderate measures of simplification, by reducing the number of types, would probably result in the release of one-fifth of the working capital thus locked up."

We are also told that in South Africa the number of types of engines required for the railways has been reduced by standardisation from 68 to 11, all going in the direction of making British industry more efficient. That organisation we have been urging, with no success whatever, upon the coal-mining industry in this country. Surely, the right hon. Gentleman to-day will give us some indication that he sees beyond the mere party squabbles of the moment, and that he is prepared to use all his opportunities,

all his powers of persuasion through the Empire Marketing Board, to put our Imperial relationships on a new and better footing, to better British trade, not by the acceptance of tariffs and so on, which arouse controversy, but, using the powers he has now, to increase the purchasing power of the inhabitants of this Empire, because only by so doing can we increase British exports, reduce unemployment, and make for British happiness and prosperity.

Mr. O'NEILL: The hon. Member for Dundee (Mr. Johnston) associated himself with what was said by my hon. Friend the Member for York (Sir J. Marriott) to the effect that it was curious that it was so difficult to obtain time to discuss these important Imperial questions on a Supply day in the House of Commons. I quite agree, so far as regards the complaint on this side of the House, but, surely, the remedy of the hon. Member opposite is to get his own leaders to ask for a Supply day upon which these important Imperial matters could be properly and profitably discussed. The hon. Member began his speech in an eminently high, and, if I may say so, most statesmanlike way; and, although what he said in the latter portion of his speech was extraordinarily interesting about the Empire Marketing Board, I nevertheless felt that it would have been better to have kept the discussion upon the larger and higher plane upon which it was opened by the right hon. Gentleman the Member for Ross and Cromarty (Mr. Macpherson). It is possible to discuss these comparatively minor matters on other days, but I feel that it would be well to say a word or two with regard to the larger issue which has been raised.

The right hon. Gentleman the Member for Ross and Cromarty envisaged some very interesting possibilities when he referred to conferences which might take place—conferences composed of members from all the Parliaments of the Empire, assembled together here in London, from all parties in those Parliaments, to discuss matters of common Imperial concern. It is something very like an All-Imperial Parliament. The excellent work of the Empire Parliamentary Association has, in fact, enabled conferences of that character to take place in certain

[Mr. O'Neill.]

Dominions, and, as the hon. Member for Dundee suggested, very rightly, in my view, those conferences arranged by the Empire Parliamentary Association will, it is to be hoped, be continued and expanded. I cannot, however, see that that has really much to do with the Imperial Conference as we have understood it hitherto, that is to say, a Conference of representatives of Governments who are sent to the Conference with definite powers to take decisions and carry things out.

Any extension which may be found possible of the idea of Dominion Governments having representatives in this country at the Foreign Office, such as I understand the Australian Government have, is all to the good. I remember, not long ago, being at a meeting where I heard the Australian representative to whom the right hon. Gentleman referred give a very interesting account of what he, in association with his Government, was carrying out. I hope that that kind of thing will be extended and developed, but, of course, it must take time. In the meantime we are progressing. For example, there has been the Conference of representatives from the Crown Colonies which was held in London quite recently under the auspices of the Secretary of State—I think the first conference of its kind which has ever taken place in the history of the Empire. I have no doubt that that Conference, the Report of which was recently issued, will be found to have accomplished some very useful results.

With regard to what my hon. Friend the Member for York said about the Report on Inter-Imperial relations from the Imperial Conference, my hon. Friend asked the Secretary of State a number of very appropriate and very categorical questions. They were questions which emanated from one whose experience and knowledge of constitutional and Imperial matters are very high indeed, but, at the same time, I have a sort of feeling that it would be better if those questions were not asked. In fact, I doubt whether it would be possible for the Secretary of State to answer them categorically, and, even if he could, I doubt whether it would be wise.

This report on Imperial relations is, as it was described at the time it was issued, a great State document of very vast im-

portance; but it is nothing in the nature of a written Imperial constitution. If it was, I think the Empire would not be so closely held together as it is under the present system. What it really did was to put upon paper a great many things which were, in fact, the case before. It elaborated them, and although there may be in it points which we may individually think had perhaps better be left alone, I feel that, on the whole, thanks no doubt to the great ability of the great statesman who presided over that Conference, the report of the committee will go down in the history of the Empire as being constructive rather than destructive, and that it will result not in the worsening but in the improving, if it were possible, and the bettering of the relations between the different Dominions of the Crown.

I had not intended to say anything when I came into the House, and the few observations which I have made constitute what I feel to be the genesis of this matter with regard to the Committee on Imperial Relations. I am sorry that a matter of such great importance should be debated in a House so small. That is a sentiment which is very often used in this House. Of course, we all know that there cannot be a large House for every matter; but I am sorry, particularly in view of the very statesman-like speech of the hon. Member for Dundee, that he and two other hon. Members beside him are the sole representatives of his party in this Debate. However, I feel sure that a useful purpose has been served by the raising of these great Imperial matters, and it is right and proper that they should be raised in this Imperial Parliament.

Sir ROBERT HAMILTON: I must confess that I regret very much that the hon. Member for York (Sir J. Marriott) declared that he was filled with disquietude and anxiety because of the report of the Conference on Imperial Relations. On the contrary, I am filled with hope and confidence for the future by reason of the findings of the Conference. The Conference dealt with facts in a most practical manner. The hon. Member for York says that he is filled with disquietude. I think it is because he has been trying laboriously to pull up the tree by its roots. I prefer to watch the Imperial tree growing. We must all

realise that the whole framework of the Empire has gone through marvellous stages in the last 40 years. It is little more than a generation ago since the first Imperial Conference met. That Conference was groping for a way and asking anxiously how the Empire could be held together, and now we have had this remarkable Conference of 1926, which will stand out as a landmark in the history of all Imperial Conferences by reason of that remarkable declaration which was made: a declaration which I like to call a declaration of the independence and inter-dependence of the members of the British Commonwealth of Nations. We all remember in the history of years ago a very different declaration of independence. If in those days we had proceeded on the lines on which we are now proceeding, history would have taken a very different aspect.

Other Members wish to speak, and as there are so many aspects of a variety of questions raised by the proceedings of the Conference which may be dealt with, I will endeavour to confine myself to one particular aspect, and it is that which was raised by the right hon. Member for Ross and Cromarty (Mr. Macpherson). We have in this report a view of the whole of the Empire and of the independence and interdependence of the different parts of the Empire quite different from anything we have envisaged before; not because it did not exist but because we had not seen it. It is rather like a picture thrown upon the screen which has set up in relief the bones or the framework of the Empire, and shows the manner in which it is held together. It has done a great deal to clarify vision, and that is a great asset when we are trying to take long views for the future. When the Conference first met, the Prime Minister said in his opening address:

“The problem before us is how to reconcile the principle of self-government in external as well as domestic affairs with the necessity for a policy in foreign affairs and general Imperial concerns which will commend itself to a number of different Governments and Parliaments.”

A solution of that problem is, I think, to be found in the declaration to which I have referred; a declaration on which the whole work of the Conference hinges. The hon. Member for York referred to the alteration in the position of Governors-General of the Dominions. That

alteration will, I think, be of very great importance in the future for avoiding possibilities of friction. The principle which has been laid down, that the Governor-General should not in any way represent the Imperial Parliament but should stand in the position of the King, while the Government at home and the Government in the Dominion should communicate with one another direct, is a principle which if it is kept in future is a perfectly sound and safe one. We all realise that there are difficulties in machinery in keeping the official contact. The Conference fully realised that, but these are difficulties which can be got over so long as we keep the main principle in view.

In the great variety of questions which came before the Conference, to mention only a few, such as foreign policy, Treaty making, Dominion representation abroad, air routes, statistics on wool, Imperial shipping, research, especially agricultural research, and the marketing of Imperial produce, one outstanding idea covers the manner in which all these matters were dealt with, and that is the great importance of the exchange of information, and personal contact. To keep close contact between the different parts of the Empire, not only by the machinery for correspondence but by personal contact, is very much stressed. That being so from the official point of view, it is equally if not more important that contact should be kept up by what I may call the non-official contact.

Reference has been made to the very valuable work that has been done by the Parliamentary Delegations which have gone from one part of the Empire to another, composed of men of every party, meeting unofficially with men of every party in the Dominions and exchanging views. Someone has suggested that that class of work should be done by preparatory commissions for the Imperial Commissions which sit from time to time. That, I think, is rather a useful suggestion. I was very much struck a little time ago by hearing a Member of the Parliament of the Union of South Africa at a lunch given in the House of Commons here saying that the enormous success of the visit of the Prince of Wales to South Africa was due in a very large degree to the work that had been done by the Parliamentary Delegation a

[Sir R. Hamilton.]

short time before. The interchange of views between men of every party in that part of the Empire had tended to create an atmosphere which was entirely favourable to the Prince's visit, and after that we had General Hertzog coming to the Imperial Conference and being entirely satisfied with its work. That that declaration has been received with approbation from Dominions having such different angles of view as Canada, South Africa and Australia, shows on what firm ground it is based. We do not find that it met with approval in one portion of the Empire and disapproval in another, but we find it has met with universal approval. Keeping that well in the forefront of the picture, we have to build machinery which shall be useful in carrying out the ideas that we have of an Empire. I dislike the word "Empire." The phrase "Commonwealth of Nations" is long, but when we say "Empire" we mean the British Commonwealth of Nations, all autonomous, not one of them subject to the other, but all marching in one direction and inspired by like ideals, and in order that they may march best and get the greatest advantage from their progress, it is obvious that they must have full and up-to-date information each of what the other is doing. That is a question of keeping up personal contact.

I have touched lightly on unofficial contact. Now I should like to come to the official contact in the Imperial Conference itself. We all know the great difficulty of calling these vast Imperial Conferences at short periods. It is generally admitted that it is outside practical politics. The three year period is as short as is compatible with practical politics, but we have to remember also that Governments come and go, and though I quite admit that the people who represent any portion of the Empire at a Conference must in the main be the Government of that portion of the Empire, Governments change, and you may have at an Imperial Conference, we will say, Australia represented by one colour of Government, and Great Britain by another, and six months later both those Governments go out and the colour is changed both in Australia and here. Surely, if that is a very likely possibility, would it not be desirable that the Opposition should be represented at the Conference as well as the Government?

10.0 p.m.

His Majesty's Opposition has a well defined place in our institutions. Why should it not have an equally well defined place in the Imperial Conference? I do not see that any harm could result from it and I see that a great deal of good might result, and as the right hon. Gentleman said, it is a matter that should be taken into consideration with a view to future Conferences. All of us in the House—it does not matter on which benches we sit—are equally proud and take an equal interest in the Empire of which we are members, and I am sure it would strengthen future Conferences if members of other parties were represented. I believe at Geneva people who are not actual delegates are called observers. Let them in some shape or form take a part in Imperial Conferences, and it would strengthen rather than weaken them in future.

Captain PETER MACDONALD: I want to deal with that aspect of the Imperial Economic problem that was dealt with briefly by the hon. Member for Dundee (Mr. Johnston). I refer to the work of the Empire Marketing Board, which was set up for the purpose of promoting British Imperial trade—the sale of Imperial products in the Oversea Dominions and the sale of Oversea Dominion products in this country. I do not want to appear critical of the Board. In fact I feel every sympathy with them in the difficult task they have undertaken. £1,000,000 has, I understand, been voted for the purpose of an advertising campaign. That campaign has been going on for some months, and I should like to congratulate the Board on the conception of some of the posters I see throughout the country. You see large posters representing the vast potential wealth of the Empire, others pointing out the trade routes of the Empire, and others pointing to the fact that the Oversea Dominions have purchased so many million pounds worth of British goods last year. All these posters, no doubt, have their value, but I am actuated in this matter by some experimental inquiries I have made in my constituency. I have asked several men and women of the type generally referred to as the man in the street if they would not prefer to buy British manufactured goods or goods from the Overseas Dominions which were just as

good, if not better than the foreign article and which were sold as cheap, if not cheaper than the foreign article. They said they would, but with the uncanny commonsense the man in the street usually possesses, they put their finger on the crux of the whole matter when they asked, "What are these goods, and how are we to find out where they are for sale?"

There is where I think the present method of advertising adopted by the Empire Marketing Board is at fault. It is too general in its application, and I think these posters are too much what we might call the rhetoric of advertising. If we could come down from the general to the particular and point out to these people the particular goods that are available that are produced by our own people overseas or at home and where they are obtainable, I feel quite confident that would be one means of increasing our Imperial and British trade and bringing home to the man in the street its potentialities. The right hon. Gentleman the President of the Board of Trade made a speech recently in which he said that the best means of fostering British trade was to bring buyer and seller together. There, I think, he hit the nail on the head. If we could find means of bringing buyers and sellers of British goods together and stimulating by propaganda the sale of these goods, I feel confident that the British housewife would always respond to that appeal. About 30 London boroughs are carrying out an Empire shopping week some time next month, and I think it is an excellent idea. I am also pleased to know that Brighton carried out a similar shopping week a short time ago.

My point is, why do the Board not concentrate to a greater extent upon such shopping weeks and introduce them in every part of the country? By doing so I am confident they would increase the volume of British trade and help to carry out the functions for which the Board was created. I was very much struck by figures which appeared in the "Times" in a statement on Canada. No one who has the interests of the Empire at heart can help being impressed by those figures. It was stated that nearly 79 per cent. of all the commodities imported into Canada are of foreign origin and that foreign countries take more than 56 per cent. of Canadian exports. The goods imported

by the United States into Canada were nearly 67 per cent. of all the goods imported into that country. Naturally, you may ask why Canada, which receives a preference from this country, should be so inundated with American goods. It is not entirely due to the geographical position of that country, but to the fact that they are the pioneers, I consider, of advertising their articles. Anyone who knows Canada knows that American goods are always being boosted in that country and are being brought home to housewives throughout the Dominion. That, I consider, is a field for this Board, and it is a field which should be developed to a greater extent. If that were done, I feel quite confident that this country has nothing to fear for its industrial future nor has it any reason to be envious of the United States of America. We have within the borders of our Empire far greater resources than the United States of America. It only requires concentration and development, and bringing home to the British consumer of the necessity of purchasing articles of British manufacture and to advertise that trade, to develop the Empire to a greater extent.

Mr. RAMSDEN: I should like to say that I cannot quite follow the last speaker when he said that all the money was being spent by the Empire Marketing Board on advertising. I am glad to think that a good proportion of this money is to be spent in other directions which will be just as useful. Particularly in that work of research which is to be carried out on a much larger scale throughout the Empire. With regard to the advertising campaign, I think we must have a little patience before we can hope to see real results. This campaign has only really been started, and I think it has already done a considerable amount of good. I am afraid it would be impossible to carry out the suggestion that individual articles should be advertised to the public. I do not think it is the function of any authority such as the Empire Marketing Board to deal with particular proprietary articles and to make them known. I agree with the majority of hon. Members that the Imperial Conference was undoubtedly the greatest conference of its kind that has ever taken place. I feel confident that as a result of what has taken place there, the Empire will be bound together with even stronger links.

[Mr. Ramsden.]

The Conference directed public attention very strongly to inter-Empire trade. I am very glad that there is a growing realisation of the advantage to us of this inter-Empire trade. I am glad that this realisation is becoming stronger every day, because I feel that if it is thoroughly understood we shall be going a very long way towards solving some of our important problems, particularly unemployment. I am glad that the Empire Marketing Board is helping very materially in that direction. There are, however, certain obstacles in the way which I believe are hindering that Board in furthering their proposals. I do not intend to give the Committee figures as to the trade that takes place between Great Britain and Australia and the other Dominions because I feel that everyone here knows as well as I do what they really represent. Although this inter-Empire trade is growing year by year it is not yet all that we would desire. Although the Board is really doing excellent work to help to increase it, they are meeting with certain obstacles, and this happens to be the case incidentally in the West Riding of Yorkshire. As one who has preached Empire trade in season and out of season, has tried to advocate the use of British goods on every possible occasion, very often I have been met by criticisms as to the high tariffs which are levied against British goods by some of the Dominion Governments.

I do not think that anyone wishes to deny for a single moment the right of the Dominions to govern themselves and to propose any tariff, however high it may be, if they wish to do so. As one who preaches that the Dominions themselves can only absorb more British-manufactured goods in proportion to the prosperity which they attain, I find that it is sometimes rather difficult to be told, as I firmly believe is the case, that exactly the same thing applies to us, namely, that unless the Dominions are willing to take our manufactured goods and to take them in large quantities so that we may give more employment to our people, we, in turn, cannot purchase as much as we should like from the different parts of the British Empire. I sincerely hope that our statesmen across the seas will recognise that this inter-

Empire trade is really mutual in the most real sense of the word, and that if they wish us to increase, and to increase materially, the purchases of all Empire products, they will have to help us to attain that prosperity which they themselves wish to enjoy.

I am perfectly convinced that if by a stroke of fortune we could find employment for practically all the workers in this country at a good rate of wages, there would be nothing better that we could do to help the different parts of the Empire, because our prosperity would immediately be reflected in very much greater purchases of everything they produce. I do hope they will seriously consider whether the somewhat excessive increases of tariffs, such as we have seen imposed during the last few years, and which have had the effect in certain industries of practically prohibiting the import of the classes of British manufactured goods concerned, have not been harmful. It is not very pleasing for a manufacturer who has built up a business in the Dominions after, probably, a great deal of effort and a great deal of labour, to find that, by a stroke of the pen, the Customs duties have been increased, and that he and the people employed in his factory are going to suffer very materially from these increases. These are not the people who are going to back up enthusiastically the "Buy British Goods" campaign. I do hope they will very seriously consider whether such little pinpricks that we have received from time to time are really worth while, and whether they get any advantage out of them. After all, there is scope in the Empire for development on very different lines from those in this country, and if they fully develop on those different lines and they help us to do so on ours as well, I think we shall obtain greater prosperity for all parts of the Empire.

The SECRETARY of STATE for DOMINION AFFAIRS (Mr. Amery): I think those who have been present in the Committee during the last two hours will realise that my difficulty to-night is to know how to reply in the time at my disposal to the very wide range of subjects which has been raised in the Debate. The hon. Member for Dundee (Mr. Johnston), in the latter part of his speech, made some very interesting

suggestions—suggestions with a very large part, though not with all, of which I find myself in agreement—in connection with what the Empire Marketing Board might be able to do in order to secure greater stability of prices and the better organisation of our trade with the Dominions. The two hon. Members who have just spoken have also raised various economic questions, some connected with the work of the Empire Marketing Board and some of quite a general character affecting inter-Imperial trade. I know those hon. Members will forgive me when I say that if I attempt to answer the points they have raised it will be impossible for me to do justice to the very important constitutional issues, which we may not have another opportunity of debating, which have been brought before the House by the right hon. Member for Ross and Cromarty (Mr. Macpherson) and the hon. Member for York (Sir J. Marriott).

The constitutional issues raised by these two hon. Members, and by other hon. Members, fall into two main parts. They have dealt either with the machinery of our inter-Imperial consultations, the ways and means by which that machinery might be improved, or they have dealt, as did the hon. Member for York, with the actual issues raised in the Report of the last Imperial Conference. May I deal with the former for a moment. I entirely agree with the right hon. Gentleman the Member for Ross and Cromarty that, if it were possible to hold the Imperial Conference annually, the unity of the Empire, which depends so vitally on personal contact and responsible personal contact, would be immensely strengthened. The hon. Member for York reminded the Committee that there was a time, during the later stages of the War, when it seemed to all of us—I mean the representatives of the Dominions as well as the representatives of the Government of this country—that it might be possible to hold these Imperial meetings annually. Experience has shown us that it is impossible to get a conference of Governments, which to be effective must be a conference of the heads of Governments, in ordinary times much oftener than once in three years, although in times of emergency, under our flexible machinery, they could be called together oftener and could be sitting almost con-

tinuously, as they were during 1918 and 1919. But in ordinary times we shall have to be content, at any rate until the airship has greatly reduced the length of transit from the different portions of the Empire, with a meeting every two or three years; and the question is, how in the intervals between these meetings personal contact can be strengthened and improved.

There is, of course, one method of contact which has long been provided for, and that is the meeting of subsidiary conferences on special subjects. These began as far back as 1907, and they have increased in frequency and also in real usefulness in recent years. At this moment a very important conference is taking place in regard to education, and we have had a number of conferences of a similar character. It is also the case, more perhaps now than at any time in the past, that in connection with inter-Imperial business Ministers of the Crown from different parts of the Empire do visit each other. I had the privilege of presiding at a gathering this afternoon at which two Ministers of the Canadian Government were present, and in a few weeks' time another Minister of the Canadian Government will be here, while an important Minister of the Government of Australia is in this country at this moment. It is no secret, of course, that my right hon. Friend the Prime Minister hopes to renew the personal contact established at the time of the Imperial Conference with the Government of Canada—to renew it on the spot in Canada during the next two months.

Of, course, if it is right and proper, as I think it is, that all travelling in this business should not be done only by Dominion Ministers but also by Ministers of the British Government, then naturally there is no member of the Government who ought to make more effort to visit the Dominions themselves than the Minister who holds the portfolio of Secretary of State for Dominion Affairs. I hope to take advantage of the next few months in order to renew the contact with the various Dominions established at the late Imperial Conference, and to deal with one or other of the many current problems that are always being discussed between our Government and the Governments of the Dominions—

[Mr. Amery.]

discussed often at such length and so inconclusively on paper, and so instantly and speedily settled across the table. Beyond that, the machinery of consultation is being quietly and steadily improved. One of the outcomes of the late Conference was the conclusion that it was not enough to rely, in the intervals of conference as between the Governments of the Empire, upon purely written or telegraphic communication, that if it was found necessary in international relations to deal with each other, from Government to Government, through personal intermediaries, then certainly as between the Governments of the Empire it was desirable that the method of direct written or telegraphic communication should be supplemented by personal intermediaries.

My right hon. Friend the Member for Ross and Cromarty referred to the lead given by Australia in the establishment of a liaison officer in this country, and the desirability of the High Commissioners being empowered to deal with the British Government not only on economic matters and the kind of subjects with which they have dealt in the past but also with matters of high inter-Imperial importance. That was accepted as a desirable thing at the Imperial Conference and steady progress is taking place in that direction. The machinery on this side is gradually improving. Naturally each Government must be the judge of the extent to which, and the occasion on which, it would ask its High Commissioner to raise questions of inter-Imperial importance with the British Government, but as far as the British Government is concerned, whether in foreign policy or in defence or in any other matter affecting the general policy of the Empire or the relations between ourselves and any Dominion, we are only too ready to consult with the representative of the Dominion here in the fullest and freest manner and to withhold no kind of information from him.

The Imperial Conference suggested that it might also be desirable to have some similar liaison or representation of the views of the British Government at the other end. In foreign relations you always have an alternative channel of communication. For one reason or

another, sometimes personal, sometimes the character of the communication, it is sometimes easier to convey a matter by way of mouth at this end, sometimes easier to telegraph or write to your agent at the other end in order that the conversation may take place there. That is a matter which we are exploring, a matter in which we have to deal with different conditions in every Dominion, but in which, no doubt, we shall gradually establish as effective a system of contact as the conditions in each Dominion and of the work we have to do will warrant. The right hon. Gentleman suggested, in addition, that it might also be a useful thing to establish something in the nature of a permanent secretariat of the Imperial Conference. To some extent, of course, such a secretariat already exists in the Dominions Office, and if any general wish were expressed to create such a secretariat there would be no difficulty in giving effect to it.

As a matter of fact, however, our discussions recently have not run exactly on those lines. Instead of creating something in the nature of a general secretariat for Imperial purposes, the Governments of the Empire have been more concerned with setting up a variety of special advisory bodies, each dealing with one or other of the various subjects that come up at Imperial Conferences. Apart from the purely technical bureaux such as those dealing with mineral resources, micrology, entomology, and such like scientific subjects, we have seen in recent years the establishment of a body like the Imperial Shipping Committee, set up under the authority of all the Governments of the Empire, and equally advisory to all of them, and the Imperial Economic Committee, set up in a similar constitutional position and, of course, closely connected with the Imperial Economic Committee, and provided with funds to enable it to give direct effect to many suggestions of the Committee, is the Empire Marketing Board. We are, therefore, steadily improving the machinery of regular consultation, and of course, the method of direct communication and consultation is improving all the time. There is no comparison between the kind of information which was sent to the Dominions on foreign affairs and Imperial defence questions, even three or four years ago, and the

immense volume of information now sent by mail and almost daily by telegrams, in order to keep them in day by day touch with the progress of all the affairs that can possibly concern them or affect the welfare of the Empire as a whole.

So much for the machinery of consultation. The right hon. Gentleman the Member for Ross and Cromarty also raised another matter in which his views were supported by the hon. Member for Dundee and the hon. Member for Orkney and Shetland (Sir R. Hamilton), namely, the question of whether continuity and unity of policy, regardless of changes in this House, might not be assisted if the Imperial Conference included members of the Opposition as well as of the Government of the day. I admit that, at first sight, is an attractive as well as an interesting suggestion. After the experience of 1924, when the party which now sits on the benches opposite, found itself obliged, as a Government, for one reason or another to go back on some of the decisions arrived at by the Imperial Conferences of previous years, it did so with genuine concern, and it put forward to the Dominions the suggestion of associating the Opposition with the Government in Imperial Conferences as a possible way of meeting that difficulty. The right hon. Gentleman knows that suggestion did not commend itself to the Dominion Governments. No Government expressed approval of it, and several Governments expressed strong disapproval. Mr. Bruce took the view that such a change would tend to hamper the frank exchange of views and might easily lead to serious consequences on the return of the delegation, when each of the representatives of a Dominion might feel compelled to relate his own version of what happened at the Conference with the result that the Conference might possibly stimulate party differences rather than compose them. The Prime Minister of Canada also suggested, from his point of view, that such a change would alter the essential character of the Imperial Conference. As he says:

“The Conference is a Conference of Governments, and in no sense an Imperial Council, determining the policy of the Empire as a whole. Each Government must accept responsibility for its actions, and the Opposition must be free to criticise, with Parliament and, if occasion arises, the people, to decide the issues.”

I believe that that is a valid objection. The essence of the Imperial Conference system is undoubtedly that its discussions are those of responsible Governments and of Governments which, while they meet with all the frankness, with all the intimacy, and with all the sense of collegiate feeling that you get in a Cabinet, yet remember all the time that each Government has its own individual and undisputed responsibility, a responsibility for which it has to answer in its own Parliament, where alone final decisions can be reached, and where alone action can be initiated or confirmed. On the other hand, the position of an Opposition is necessarily and rightly one of freedom to criticise, and I believe that the position of a Leader of Opposition invited to an Imperial Conference, where he would be obviously obliged to conform during the discussions to the views of the Leader of the Government or else run the risk of really taking part in a conflict with other Governments against his own Government, would be one of genuine embarrassment.

I quite agree with my right hon. Friend opposite that there are great and important issues when these objections do not weigh in the scales against the advantage of getting general consent. On the eve of the gravely critical situation preceding the War, as he has reminded the Committee, the Government of the day on several occasions invited Lord Balfour to join with them in the discussions of the Committee of Imperial Defence. From that point of view, one might say that something very similar took place during the discussions of the Imperial Conference and the Cabinet in 1917 and 1918, when the British representatives included not only a Liberal Prime Minister, but Mr. Bonar Law and the then right hon. Member for Barnard Castle (Mr. A. Henderson), and that Mr. Borden, Sir Joseph Cook, Mr. Massey and Sir Joseph Ward came together, each to represent the united or practically united view of their countrymen. I think that in cases of great emergency it is always possible to do so, and it is also possible to do that when you are dealing with what I might call some of the subsidiary and special organisations dependent on and connected with the Conference. The Committee of Imperial Defence has been quoted as one, and I might point out that on the Overseas Settlement Com-

[Mr. Amery.]
mittee and on the Empire Marketing Board we have endeavoured to enlist the valuable help of members of other parties.

I think the solution of the difficulty must lie, in Imperial affairs as in foreign affairs, in the cultivation in all parties of a sense of Imperial responsibility and a desire not to overthrow any decision arrived at, unless it really forces a vital issue of political importance at home, and conversely, also, the Government ought not unnecessarily to raise in the Conference an issue which will provoke and is bound to provoke party controversy. On questions of foreign policy there are often helpful informal discussions between the Government and the leaders of the Opposition. Those can take place on Imperial issues too; and over and above this, as more than one hon. Member has reminded us, there is yet another method, informal, no doubt, but most valuable, by which Members of Parliament and members of the Government, and of the Opposition, can get into touch in a form of Imperial conference which is none the less fruitful because it depends not upon Governments but directly upon Parliament, or upon those Members of Parliament who have organised themselves into branches of the Imperial Parliamentary Association. Those meetings cannot be too frequent or too fully attended. The more frequently they meet, the greater their value, both in preparing the opinion of the Government and of Parliament for the issues which will be discussed at the next Imperial Parliament, and in helping the Government and Parliament to give weight and effect to the conclusions arrived at in preceding Conferences. I entirely agree with what the right hon. Gentleman and others have said in that connection.

If I may, I will turn now to those questions of machinery and the issues arising from the conclusions of the Conference which, while they have given, in the main, general satisfaction to almost every section throughout the country, have also undoubtedly raised a certain disquietude in the minds of some observers, including as close constitutional students as my hon. Friend the Member for York. My hon. Friend put in several ways what was substantially the same general question. He asked,

Has there been, as the outcome of this Conference, a change in constitutional relations, and what authority has Parliament given for such a change? The answer I would give is that undoubtedly there has been a great change, one of the profoundest and most remarkable changes in the relationship of communities and human beings that ever have taken place; but it is a change which has taken place, step by step, over the 80 years or more which have passed since Lord Durham's memorable Report on self-government was presented to this House. It was a step which has sometimes been assisted by legislation in this House, but far more often the advance has taken place without legislation and without direct constitutional discussion. The advance has taken place with the gradual growth of the Dominions.

Every Imperial Parliament in the last 40 years has marked an advance, and the most remarkable advance of all was registered in the years following the War. The Imperial Conferences have embodied the new position, which is recognised internationally as well as inter-Imperially, at the Peace Conference and in the League of Nations since then. In respect to that great change, the last Conference has not introduced any substantial new departure. What it has done is to clarify, and, as the hon. Member for Orkney and Shetland suggested, to make visible what was inherent and there already, what to some of us had seemed obvious many years before and what to others, looking at the question from some different angle, perhaps, and not realising nearly so well as some of us the process that was going on, might have seemed a greater transformation than it actually was. What the Conference did was to lay down two main principles, not new to us, but acceptable to us— the principle of absolute equality between the self-governing Dominions of the Empire and the principle of unity under a common Crown. My right hon. Friend has already read out the brief definition in which those two principles were embodied. There is really nothing new in it. Equality of status has been emphasised in speeches in Parliament and by the action of the British Government for a generation, but certainly that equality and the unity that comes from it had never before been so authoritatively and

so clearly laid down as it was in the Imperial Conference of 1926 by the authority of all the Governments represented at that Conference.

In that sense undoubtedly, the Imperial Conference of last year marked a great turning point in the development of the British Empire. It acknowledged the coming of age of the Dominions, the completion of a process of history which I believe will be regarded by future generations as the most remarkable event of the last 50 years. That process was hardly noticed, because it was taking place unobtrusively, and the development of the great Commonwealth of co-equal nations did not attract very much attention. The coming into existence of other nations had attracted the attention of the world, because it had taken place by violence and strife, whereas the full growth of the nations forming the British Commonwealth has taken place with peaceful development and in full agreement with all the nations of the Commonwealth. That equality of status, as my hon. Friend has reminded us, is laid down in the conclusions of the Imperial Conference, but it does not necessarily involve equality of stature. Some of the Dominions are greater in territory and potential resources than Great Britain itself. Others may have far greater accumulated wealth and experience and organisation for dealing with international politics, and again the Government of this country has immense experience, immense apparatus for dealing with the external questions affecting the Commonwealth as a whole. The Dominions regard this machinery, not as an emblem of their subordination to a central authority, but as machinery which is more convenient for them to use, which serves them more efficiently, and which takes care that their interests are fully regarded in every way. The principle of equality is not in the least infringed, because one Government rather than another deals with questions affecting all. What is meant by equality of status is that as far as the question of rights is concerned, every Government of the Empire is, if it so wish, entitled to exercise every function of national and international right. From the declaration of these rights, it does not follow that every individual interest of any particular Government or the common interests of the

Empire would be served by always pressing the point of rights to its logical conclusion.

My hon. Friend raised certain particular questions which I should like to answer briefly. He raised, first of all, the question of the change in the title of His Majesty, and, in doing so, I think he was under a misapprehension as to the use of the term in the Royal title. "Dominions across the Sea" has, of course, no reference to Dominions in a constitutional sense. It refers to all the territories that are part of the British Empire, and as the words "across the seas" have always been understood to mean broad oceans, and certainly not to include either the Irish Channel or the border that separates the Irish Free State from Northern Ireland, it is obvious that it would be inappropriate to describe Ireland as a part of the Dominions beyond the Seas, nor would it have been compatible or consonant with our desire, which was to modify the Royal title the least possible, consistent with such rectification as recent changes in Ireland justify.

As regards the position of the Governor-General, my hon. Friend opposite asked whether His Majesty's Government had notified to the Dominions their acceptance of any change in the status of the Governor-General. No, the change in the status of the Governor-General from an agent and instrument of the British Government to the representative of the Crown in a Dominion, and nothing else, was a change which, like the whole of the changes in our constitutional evolution, has taken place gradually over a long period of years, and was in substance the consummation of many years before the present Conference took place. All that the late Conference did was to suggest that the purely historic survival by which communications from the British Government to its partner Governments went via the Governor-General's office—as it had done in the old days when the Governor-General still was, as the Governor of a Crown Colony is, the agent and instrument of the British Government—should be eliminated and the position brought up-to-date with present-day facts. Personally, as a Member of the party on these benches, I like historical survivals, and would have had no objection to main-

[Mr. Amery.]
taining all these reminders of the older days out of which the Empire has evolved, but, undoubtedly, some of those survivals have given rise to misunderstandings in the past. An hon. Member opposite suggests there are survivals which have sometimes caused unexpected and acute pain, and it may be that on the part of one or another such a survival being maintained might lead to political difficulty. In so far as that was felt by some of the Governments concerned, we were perfectly willing to adjust the situation to the facts of the present day.

Exactly the same applies with regard to such survivals as the general powers of disallowance in Dominion legislation, where, in regard to particular Measures, from the point of view of the Empire, it is highly desirable that unity should be maintained in practice. We wish to find out, by special committees and by special sub-conferences, how that unity can best be maintained, consistently, as far as possible, with the present general constitutional position in the Empire. My hon. Friend asked whether that Committee and that Conference had yet met. No, Sir. The matters, as he himself pointed out, are very complicated, and involve many issues of detail, and we are at this moment still collecting all the necessary material for transmission to the Dominion Governments before we can really begin to deal with these matters. My hon. Friend asked whether or not it was competent for this Parliament to amend the Merchant Shipping Act. Undoubtedly, as a matter of law, this Parliament could amend the Merchant Shipping Act for the whole Empire in any way that it wished, but, as a matter of constitutional practice, it has not done so, and would not have done so for many long years. What we must endeavour to do is to find how an agreement, an essential unity, in matters of shipping can be preserved in consonance with the wishes of each Government in the Empire.

On these points I need not dwell further. All I would say in conclusion is that, while possibly irritating survivals have disappeared, the essential unity of the Empire has never been more strongly emphasised than it was at the late Con-

ference, or felt to have been strengthened as it was by men of very different views who assembled at that Conference. That measure of unity is embodied in the symbol of a common Crown, a Crown common to the whole Empire, one and indivisible, constituting us all one common body of British subjects, embracing Governments unfettered and free in their action, all morally bound by the fact that they are Governments of the same Crown, responsible to the Legislatures in which the same Crown is a constituent element, responsible to an electorate composed of subjects of the Crown, and, as such, loyal to the Crown and to each other. We have, I believe, laid the foundation, by clearing away misunderstanding, for the work of practical and constructive development. An immense amount undoubtedly remains to be done. Unless we do carry out the great work of Empire construction and development in the coming years, this last Conference may well have been the beginning of the end. If there be no wish for unity, there is nothing to-day to preserve it. But I believe that the wish for unity exists, and that we have laid true foundations on which that unity can be built: and it is for this House and for those other partner Parliaments in the Empire to see that we build up a fair super-structure on the sound foundation we have laid in the Conference.

Question put, and agreed to.

Resolution to be Reported To-morrow.

Committee to sit again To-morrow.

PROTECTION OF ANIMALS (AMENDMENT) BILL.

Read the Third time, and passed.

The remaining Orders were read, and postponed.

ADJOURNMENT.

Resolved. "That this House do now adjourn."—[*Commander Eyres Monsell.*]

Adjourned accordingly at One Minute after Eleven o'Clock.

HOUSE OF COMMONS.

Thursday, 30th June, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

Aberdare Urban District Council Bill
[*Lords*],

Read the Third time, and passed, with Amendments.

Maidstone Corporation (Trolley Vehicles)
Provisional Order Bill,

Rotherham Corporation (Trolley Vehicles)
Provisional Order Bill,

Read the Third time, and passed.

Mexborough and Swinton Tramways
Company (Trolley Vehicles) Pro-
visional Order Bill,

Pier and Harbour Provisional Orders
(No. 2) Bill,

Southend-on-Sea Corporation (Trolley
Vehicles) Provisional Order Bill,

As amended, considered; to be read the
Third time To-morrow.

ORAL ANSWERS TO QUESTIONS.

NAVAL AND MILITARY PENSIONS
AND GRANTS.

1. **Mr. ROBINSON** asked the Minister of Pensions why the claim of a widow for pension on the death of her husband, who was a pensioner, was presumed to be barred under the seven years' limit in respect of claims for War disabilities, as set up under the War Pensions Act of 1921, seeing that the claim in respect of the disability had already been accepted; and if he will restore to widows, whose husbands die more than seven years after discharge, their rights under Articles 11 and 12 of the Royal Warrant of 1919?

The **MINISTER of PENSIONS** (Major Tryon): The hon. Member is under a

misapprehension. No seven years' limit for widows' claims was set up by the War Pensions Act, 1921, but was contained in the Royal Warrants of 1917 and 1919. I am not prepared to adopt the suggestion in the second part of the question that War widows should be reverted to the conditions of the Warrant of 1919 as this would deprive them of the advantages conferred on them by the Royal Warrant of 14th January, 1924, for which I was responsible and which gave extended benefits to widows of this class over the seven years' limit, going far beyond any rights previously enjoyed by them.

BURGLARIES, LONDON.

2. **Lord APSLEY** asked the Secretary of State for the Home Department the number of burglaries that have been committed in the London district this month and the value of property lost thereby?

The **SECRETARY of STATE** for the **HOME DEPARTMENT** (Sir William Joynson-Hicks): Seventeen burglaries were reported to the Metropolitan Police during the period 1st-25th June, 18 arrests being made. No arrest was made in three of the cases. The value of property reported stolen was £653, of which £546 was recovered. In 10 cases there was no loss.

Mr. MONTAGUE: Does that number include the burglary in Moorgate Street?

Sir W. JOYNSON-HICKS: I have not heard of one there, but, if the hon. Member would like me to make inquiries, I will do so.

Colonel DAY: Can the right hon. Gentleman say in which districts burglaries are most prevalent?

Sir W. JOYNSON-HICKS: I cannot say.

TRANSPORT.

MOTOR OMNIBUSES (SPEED, BARNES).

3. **Mr. LOOKER** asked the Home Secretary whether the attention of the police has been drawn to the excessive speed at which motor omnibuses pass down Ranelagh Gardens, Barnes, and to the damage to the houses on that route caused thereby; and will he take steps to see that the legal speed limit is observed?

Sir W. JOYNSON-HICKS: I am informed by the Commissioner of Police that he has received complaints, though not recently, of damage done to houses in Ranelagh Gardens, and of excessive speed in that thoroughfare. The police are constantly on the alert to deal with excessive speed and convictions are from time to time obtained.

Sir HARRY BRITTAIN: Is it not true to say that if every driver drove as carefully as the drivers of the London omnibuses there would be a great diminution of accidents?

ROADS ADVISORY COMMITTEE.

53. Mr. R. MORRISON asked the Minister of Transport whether any changes have taken place in the membership of the Roads Advisory Committee during the past 12 months?

The MINISTER of TRANSPORT (Colonel Ashley): The answer is in the negative.

54. Mr. R. MORRISON asked the Minister of Transport how many meetings of the Roads Advisory Committee have been held during the past 12 months, and the number of members present at each meeting?

Colonel ASHLEY: Two meetings have been held during the past 12 months, *i.e.*, on 29th November, 1926, and 31st March, 1927. At the first of these meetings six members were present, and at the second eight.

Mr. MORRISON: May I take it from that answer that as a rule this Committee meets twice a year?

Colonel ASHLEY: Oh, no, the hon. Member must not assume that; he must only assume that during the last 12 months they met twice.

LONDON UNDERGROUND RAILWAYS (VENTILATION).

55. Mr. TREVELYAN (for Mr. BUXTON) asked the Minister of Transport if he is aware of the complaints of the prevalence of vitiated air in the tube railways of London; and if he will state what steps he is taking for the purpose of insuring adequate ventilation?

Colonel ASHLEY: I have not received any recent complaint in regard to this

matter, but if the right hon. Gentleman will be good enough to let me know what particular section of the underground railways he has in mind I will communicate with the company.

Sir H. BRITTAIN: Is it not one of the proudest boasts of the tube railways that the traveller has the privilege of breathing rich ozone?

Colonel ASHLEY: Yes. I have seen it stated that the ozone in the tube railways is equal to a day at Southend.

ESSEX CONSTABULARY.

4. Mr. LOOKER asked the Home Secretary if he is aware that the Essex Police Force is under the requisite strength in view of the great increase of population which has taken place; that an additional volume of work is thrown on the police stationed in the area through which the new Southend road passes owing to the necessity of constables being on point duty at level crossings during the week-end; that an increase in the force was recommended by the Standing Joint Committee but refused by his Department; and will he take steps to see that the force is brought up to the requisite strength?

Sir W. JOYNSON-HICKS: I am aware that in the Essex Constabulary, as in other forces, a number of vacancies are being maintained in the interests of economy, but it is not the case that I recently refused the Standing Joint Committee's request to increase the strength of the force. In fact I allowed them to add 10 men, and in so doing I took into consideration among other things the additional duties arising from the traffic on the new Southend road.

DEATH OF NURSE DANIELS (COMMISSION ROGATOIRE).

5. Colonel DAY asked the Home Secretary why, in returning the last Commission Rogatoire to the examining magistrate at Boulogne, who is inquiring into the murder of Nurse May Daniels, an expressed wish accompanied it from the British authorities that it should not be published; and was there any special reason for this request?

Sir W. JOYNSON-HICKS: The only request for non-publication related to the present whereabouts of a witness, which had been disclosed in confidence to the authorities here by that witness's representatives in order that the Commission Rogatoire might be executed as requested by the French authorities.

Colonel DAY: Is the right hon. Gentleman aware that on account of this request certain rumours are getting about that the British Government have something to hide, and will he try to dispose of these rumours, especially so far as the French public are concerned?

Sir W. JOYNSON-HICKS: I am quite sure that if everybody knew the British Government as well as the hon. Member they would know that they have nothing to hide.

CONVICTS.

6. Lieut - Commander KENWORTHY asked the Home Secretary how many persons are undergoing penal servitude at the present time, and the corresponding figure at an approximately similar date in 1917 and 1907, respectively?

Sir W. JOYNSON-HICKS: 1,473 persons are now undergoing penal servitude in this country. On 26th June, 1917, the number was 1,392 and on 26th March, 1907, it was 3,038.

ALIENS (HOTEL EMPLOYEES).

7. Mr. HERBERT WILLIAMS asked the Home Secretary how many aliens have been allowed to enter this country during each of the last three years for the purpose of working as hotel employés?

Sir W. JOYNSON-HICKS: Aliens are only allowed to enter this country for employment if in possession of permits granted by the Minister of Labour. The number admitted with such permits is shown in the published returns of which I am sending my hon. Friend a copy. Questions as to the issue of such permits are for the Minister, but I understand from him that in the three and a-half years ending the 30th June, 1927, 620 permits in respect of hotel employés were granted and 167 refused, and that

of the permits granted 286 were on condition that a British subject, normally employed in the hotel and restaurant industry, secured a position abroad by way of exchange.

Mr. WILLIAMS: In the latter case, is the employment permanent in the case of the Briton who goes abroad in exchange for the foreigner who comes here, or is it a temporary job?

Sir W. JOYNSON-HICKS: A rough balance is struck between the employment there and the employment here.

Mr. WILLIAMS: Can the right hon. Gentleman tell us where all the foreign waiters which one sees in restaurants come from, having regard to the fact that only 600 appear to have been admitted?

Sir W. JOYNSON-HICKS: A great many of them are British subjects, born here of British parents. They are not under my care at all. I do not know where the others come from. I know that full returns of the number are kept, but I have not the same experience as my hon. Friend of restaurants.

Mr. R. MORRISON: Where permission is given to aliens to come here to act as waiters, is that permission valid only while they are acting as waiters, or does it become invalid if they leave the hotel and take other employment?

Sir W. JOYNSON-HICKS: A very strict record and watch is kept of all men who come here under the permission of the Ministry of Labour, and, if they cease to fill the occupations for which they came here they have to return. This is to help the labour market.

EDUCATION.

HIGHER AND TECHNICAL EDUCATION (EXPENDITURE).

8. Mr. HARRIS asked the President of the Board of Education whether, of the total estimated expenditure by the Board of Education and the local education authorities upon higher education, it is possible to separate the amounts spent on secondary education and technical education, respectively; and what was the total expenditure on secondary and technical education, respectively, during each of the five years ending 31st March, 1927?

The PRESIDENT of the BOARD of EDUCATION (Lord Eustace Percy): I will circulate the reply in the OFFICIAL REPORT.

Mr. HARRIS: Am I to understand that the figures asked for will be furnished separately?

Lord E. PERCY: No. Sir. There are some figures I can furnish separately, and some that I cannot.

Following is the reply:

The expenditure of local authorities under the various headings of higher education is given on page 13 of the Memorandum on the Board's Estimates, 1927 [Cmd. 2385], a copy of which I am sending the hon. Member. The Board's grants are not divided under headings but form one consolidated grant for higher education. In so far as the Board's expenditure consists of grants to local authorities it is included in the expenditure of local authorities. The Board also make grants to non-local education authority bodies in respect of institutions for secondary and technical education. The figures for the last five years have been:

Year ending, 31st March.			Non-L.E.A. Secondary Schools.	Non-L.E.A. Technical, &c., Schools.
			£	£
1923	...	...	1,278,880	103,366
1924	...	...	1,154,812	113,473
1925	...	...	1,141,132	110,098
1926	...	...	1,140,352	107,570
1927	...	...	1,193,024	116,423

LOCAL AUTHORITIES' SCHEMES.

9. Mr. HARRIS asked the President of the Board of Education how many local education authorities have submitted schemes of educational work as contemplated by the Education Act, 1918; have the Board adopted any general policy of approving or disapproving of such schemes; what was the date when the Board received the scheme drawn up by the London County Council; have the Board addressed any communication to the London County Council on that scheme; and what has been the nature of such communication or communications?

Lord E. PERCY: Ninety-nine local authorities submitted schemes. The details of these schemes were discussed with the authorities, but in view of the financial position existing at the time my predecessors in office did not feel justified in giving their statutory approval to the schemes which would make it obligatory upon the authorities to give effect to them. The scheme prepared by the London County Council was received by the Board on the 27th July, 1920, and it was subsequently intimated to the council that in the then existing circumstances the Board would have to defer the question of giving statutory approval to the scheme. The hon. Member is, I think, aware of the position in regard to the programmes submitted by local authorities under Circular 1358.

MENTALLY DEFECTIVE CHILDREN.

10. Mr. HARRIS asked the President of the Board of Education if there is any standard of certification for mental deficiency governing the admission of children to schools for mental defectives; if so, what is the standard; have any instructions been issued to local education authorities by the Board on this subject; if so, what is the nature of such instructions; has there been during recent years any variation in the standards used by the school medical officers of the local education authorities or advice by the Board's medical officer; and have the Board issued any memoranda, or are there any reports available, which would inform local education authorities as to the Board's views and policy with regard to mentally defective children?

Lord E. PERCY: As regards the first two parts of the question, I would refer the hon. Member to Section 55 (1) of the Education Act, 1921, and, as regards the last part, to the Annual Reports of the Board's chief medical officer, particularly to Section VII of the Report for 1925. I am sending the hon. Member a copy of Circular 1359 of the 23rd April, 1925, together with the form of report referred to therein, which relates to the question of uniformity of examination. The Board have not made any alterations in the advice given by them to local authorities, nor are they aware

that there has been any variation in the standards adopted by the authorities' medical officers.

PLAYGROUNDS (NORTH RIDING).

13. **Mr. SHEPHERD** asked the President of the Board of Education whether his attention has been called to the Report of the county medical officer for the Yorks (North Riding) education authority, which states that at a large number of schools the playgrounds are in a bad state of repair, and in some cases are so small that the work is restricted and the children deprived of proper games and activity; and whether, in view of these facts, he will take such steps as are within his power as shall ensure that every elementary school shall have a playground fit for children to play in?

Lord E. PERCY: I have seen the report in question. I believe that the North Riding authority is fully alive to the importance of doing all they can to provide adequate playground accommodation.

Mr. SHEPHERD: Is the right hon. Gentleman aware that there are many schools where the Board of Education syllabus on physical training cannot be carried out because of the inadequacy of the playgrounds?

Lord E. PERCY: That also is in the report to which the hon. Member has referred. I was in the North Riding the other day, and I visited a good many of these small schools. If the hon. Member is acquainted with the condition of the small rural schools in the North Riding, he will appreciate the difficulty which the local authorities must be under. I am quite sure that they are doing all they can.

PUBLIC LIBRARIES.

12. **Captain CROOKSHANK** asked the President of the Board of Education whether he proposes to arrange for the free distribution to all public libraries of a copy of the recent Report of the Committee dealing with that subject?

Lord E. PERCY: Public free libraries are authorised to obtain copies of Government publications from His Majesty's Stationery Office at one-half the published price, and I am afraid that I cannot undertake to make the further concession suggested by my hon. and gallant Friend.

Mr. RILEY: Are the public libraries aware that they can obtain the report at half the published price?

Lord E. PERCY: If they did not know it before, I think they will know it now.

PUBLIC HEALTH.

DITCHES AND STAGNANT POOLS.

14. **Colonel DAY** asked the Minister of Health whether, in view of the inconvenience and annoyance suffered by the public through certain ditches in the country becoming silted up and overgrown, causing a breeding place for mosquitos and other insects, he will give instructions to all local authorities that owners of land containing such stagnant pools be compelled under the Public Health Act to have these places cleaned out and sprayed with an adequate insecticide?

The MINISTER of HEALTH (Mr. Chamberlain): I have no authority to give such instructions. Under Section 91 of the Public Health Act, 1875, any pool, ditch, etc., in such a state as to be a nuisance or injurious to health is to be deemed a nuisance liable to be dealt with under the Act. The question whether any particular pool is a nuisance is one of fact to be determined by the Court in any proceedings instituted under the Section.

Colonel DAY: Can the right hon. Gentleman see his way to draw the attention of local authorities to this particular section, as a good many of them are not aware of it?

Mr. CHAMBERLAIN: I do not think that there is any necessity for that.

SKIMMED CONDENSED MILK.

19. **Mr. HURD** asked the Minister of Health whether he is aware that the imports of skimmed condensed milk in the first five months of the year were the approximate equivalent of 25½ million gallons of liquid milk; and what measures he proposes to take for the more effective protection of the child population from this unsuitable form of food?

Mr. CHAMBERLAIN: I would refer my hon. Friend to the answer which I gave to the hon. and gallant Member for Chelmsford (Lieut.-Colonel Howard-Bury) on the 23rd instant.

Mr. HURD: When does the right hon. Gentleman think he will be in a position to inform the House as to the measures he proposes to take to meet this need?

Mr. CHAMBERLAIN: I think it will not be very long.

MILK AND DAIRIES ORDER (EASTBOURNE).

21. **Mr. KELLY** asked the Minister of Health whether he is aware that the Eastbourne Local Authority initiated legal proceedings against a local firm of dairy-men with respect to insanitary conditions in their dairies contrary to the provisions of the Milk and Dairies Order, and that subsequently the proceedings were withdrawn although the infringement of the Order was not denied; and whether he will take steps to see that the Order is strictly enforced?

Mr. CHAMBERLAIN: I am aware of the facts stated in the question, but I understand that the summonses were withdrawn in consideration of the defendant paying the costs incurred and taking satisfactory steps (including a change of staff) to ensure that the Order would be complied with in future. While I have no jurisdiction to interfere with the action of the authority taken in a particular case, I may say that the course which was followed in this instance is one which is frequently adopted with advantage by local authorities, especially in the administration of new legal provisions.

MOSQUITOES.

27. **Mr. ROBINSON** asked the Minister of Health if his attention has been called to the recent death of a man from a mosquito bite; and what action has been taken by his Department to diminish the number of mosquitoes in this country?

Mr. CHAMBERLAIN: The answer to the first part of the question is in the negative. As regards the second part, I would refer the hon. Member to the answer which I gave on this subject on the 1st March to the hon. Member for Central Southwark (Colonel Day).

HOUSING.

REQUIREMENTS.

15. **Sir JOHN POWER** asked the Minister of Health what is the present estimated annual requirement of new

houses to meet the growth of population and the number required to replace closed and demolished houses; and if he has any figures as to the addition to the housing accommodation during the year ended 31st March last due to the conversion of existing houses into flats?

Mr. CHAMBERLAIN: It is difficult to frame a reliable estimate of the annual need for new houses, but the present annual requirement in order to meet the growth of population has commonly been estimated at about 70,000 houses. Statistics are not available of the number of houses at present being closed or demolished, or with regard to the information desired by the hon. Member in the last part of his question.

Mr. ERNEST BROWN: May I ask upon what standard these estimates are based?

Mr. CHAMBERLAIN: What standard?

Mr. BROWN: Yes, the number of persons per house, space, and so on.

Mr. CHAMBERLAIN: I think they are based on the figures in the census, and upon an assumed average of the number of persons per family.

Mr. MONTAGUE: May I ask whether the National Housing Town Planning Committee does not place the requirements at a much higher figure?

Mr. CHAMBERLAIN: The hon. Member is probably confusing two estimates. The estimate to which he refers includes the number of houses required to replace those which are demolished.

Colonel DAY: Is the right hon. Gentleman satisfied that houses are being demolished in sufficient numbers for the purposes of the various slum clearance schemes.

SLUM CLEARANCE, GLASGOW.

59. **Mr. E. BROWN** asked the Secretary of State for Scotland if his attention has been drawn to the Eighth Annual Report of the Scottish Board of Health, and, in particular, to Chapter 2, paragraph 16, as to the insanitary conditions in Glasgow slums; and if any action has been taken on this Report or, if not, if the Board of Health contemplate immediate action to deal with these conditions?

Sir J. GILMOUR: I am aware of the terms of the paragraph in question. As indicated therein, it is a quotation from the Report of the Commissioner appointed by the Scottish Board of Health to inquire into an improvement scheme submitted by the Corporation of Glasgow under Part II of the Housing (Scotland) Act, 1925. Details of the corporation's proposals for dealing with the areas to which the Commissioner's Report refers will be found in paragraph 15 of the Report. The improvement scheme has now been confirmed by the Board, and the local authority are in course of carrying out its provisions, which include the demolition and clearing away of the insanitary properties and the provision of new dwellings to re-house the dispossessed tenants.

Mr. MACPHERSON: Is there any reason to doubt the truth of the terrible statement made by the Commissioner?

Sir J. GILMOUR: No, Sir, there is no reason to doubt that the conditions are accurately described.

Mr. MACPHERSON: Does the right hon. Gentleman intend to approach the Corporation of the City of Glasgow, so that something shall be done?

Sir J. GILMOUR: I have explained that the Corporation of Glasgow are already dealing with this particular area, and I am taking every step to try and expedite housing in Scotland.

RURAL AREAS (SANITATION).

16. **Sir J. POWER** asked the Minister of Health what steps are being taken to ensure suitable town-planning, including the provision of adequate sanitation, in rural areas adjoining large towns in which extensive building is taking place?

Mr. CHAMBERLAIN: Town planning schemes are in course of preparation for the whole or parts of 127 rural districts, either by the rural district councils themselves or by neighbouring urban authorities, and I am encouraging other local authorities to take similar action, where needed, by promoting joint town planning committees of neighbouring authorities to consider the town planning needs of their areas. Provision for sanitation is usually made under the general law, apart from town planning schemes.

Mr. E. BROWN: Does the Minister propose to extend the Housing and Town Planning Acts? Am I right in believing that the Housing and Town Planning Acts only apply to towns with populations of over 20,000?

Mr. CHAMBERLAIN: Yes. I am not proposing to take any further steps.

Mr. MONTAGUE: Does the right hon. Gentleman not consider that the principles of town planning contradict the idea of reducing the size of houses advocated in his speech of yesterday?

Mr. CHAMBERLAIN: No, Sir. I do not agree.

Sir JOSEPH NALL: Is the right hon. Gentleman aware that the necessities of town planning may require an adequate number of dwellings of the size necessary for the people concerned?

WIDOWS' PENSIONS (EDINBURGH AND LEITH).

17. **Mr. E. BROWN** asked the Minister of Health the number of widows in receipt of pensions under the Act of 1925 in the port of Leith and the city of Edinburgh, respectively, and the average weekly amount paid to them?

The SECRETARY of STATE for SCOTLAND (Sir John Gilmour): I have been asked to reply. I regret that the information is not available as the claims are not arranged on a territorial basis.

AGRICULTURE.

RATING AND VALUATION ACT, 1925 (FARM BUILDINGS).

18. **Mr. H. WILLIAMS** asked the Minister of Health if he can furnish an estimate of the probable reduction in total assessment for farmers which will result from the extension of the Agriculture Rates Act to farm buildings under the Rating and Valuation Act, 1925?

Mr. CHAMBERLAIN: I am not in a position to add to the reply which was given to the hon. Member for Edmonton (Mr. Broad) on the 26th April, 1926. I am sending my hon. Friend a copy of that reply.

EMPIRE MARKETING (BRITISH BARLEY).

43. **Lieut. - Colonel HENEAGE** asked the Minister of Agriculture how far he has been able to make use of the grant allotted from the Empire Marketing Board for the marketing of British cereals to consider the special features of barley marketing in the interests of British producers?

The MINISTER of AGRICULTURE (Mr. Guinness): No grant has been expressly made to my Department in regard to the marketing of British cereals, but the work now being undertaken by the Ministry, with the aid of the general grant of £40,000 a year, includes an investigation into the marketing of cereal crops. A report, embodying the general results of this investigation, will, I hope, be issued in the autumn. Due attention will be given in the report to the marketing of home-grown barley.

Lieut.-Colonel HENEAGE: May I ask whether attention has been called to the difficulties of barley growers?

Mr. GUINNESS: I have drawn the attention of those who are compiling this information to my hon. and gallant Friend's question, and I am sure that this aspect of the matter is not being neglected.

Lieut.-Colonel HENEAGE: Can the right hon. Gentleman say when he expects to get a report?

Mr. GUINNESS: I am afraid I cannot give any approximate date without notice.

Mr. WALLHEAD: Without decrying in any way the attempt to establish Empire marketing on a sound basis, will the right hon. Gentleman say whether it would not be as well to pay as much attention to British agriculture as to agriculture in the Dominions?

Mr. GUINNESS: British agriculture is now getting a grant from the Empire Marketing Board, which is being devoted to an examination of, and a report upon, the conditions of marketing. We believe it is very necessary, if the farmer is to get the profits which now escape, that he should have the opportunity of organising marketing on an economic basis.

Mr. MONTAGUE: Does the right hon. Gentleman not think that British fruit can be sold as cheap as Empire fruit is at railway stations?

ENGLISH SUGAR-BEET CORPORATION (JUTE BAGS).

44. **Mr. JOHNSTON** asked the Minister of Agriculture whether, seeing that the terms on which financial assistance is given to the English Sugar-beet Corporation, Limited, require that a percentage of the corporation's contracts shall be placed in this country, he can say in which country the corporation has placed its contract for one million jute sugar bags for the year 1927?

Mr. GUINNESS: There is no statutory provision which compels beet-sugar factory companies to obtain their requirements in this country, other than that laid down in the British (Subsidy) Act, 1925, which requires that not less than 75 per cent. of the plant and machinery installed in the factories shall be manufactured in Great Britain. I have, therefore, no power to intervene in the placing of contracts for jute bags. I am, however, informed that the English Beet-sugar Corporation has purchased 1,918,000 sugar and pulp bags for the coming manufacturing campaign on behalf of itself and the other factories in the Anglo-Dutch group. Of this number, I understand, that 1,218,000 bags were purchased from British firms and the balance from Dutch firms.

Mr. JOHNSTON: Arising out of the last sentence of the answer, may I ask the right hon. Gentleman whether those purchases from British firms relate to bags produced in this country or whether British firms are purchasing, or may purchase, these bags abroad?

Mr. GUINNESS: I understand they are bags of British production. As a matter of fact, they are from $\frac{3}{4}$ d. to 1d. dearer than the foreign bags, but, naturally, I am doing everything in my power to encourage these companies, where possible, to obtain all their requirements in this country.

SMALL HOLDINGS.

47. **Mr. RILEY** asked the Minister of Agriculture how many applications have been made to the Ministry from county councils for sanction to carry out schemes

for small holdings under the Small Holdings Act of 1926, the total acreage of the schemes, and the estimated cost?

Mr. GUINNESS: Eight proposals for the acquisition of land and its equipment and adaptation for small holdings have been submitted to the Ministry under Section 2 of the Small Holdings and Allotments Act, 1926. The area involved is 774 acres and the estimated capital expenditure for purchase and equipment is £36,967.

In addition, 12 cases have been submitted under Sub-section (5) of Section 2, relating to the further equipment of land already acquired, the estimated cost of such further equipment being £7,563.

Mr. RILEY: Have these applications all been passed?

Mr. GUINNESS: I am not certain how many of the applications have actually been passed, but I take it they are undergoing the ordinary process of examination and that they will all be passed.

UNEMPLOYMENT.

BENEFIT.

25. **Mr. SHEPHERD** asked the Minister of Health whether he is aware that on 23rd June an unemployed man, in possession of a travelling card and a current national health card with 22 stamps, left Middlesbrough to travel by road to Catterick, where he had an assurance of work, but on arrival at Darlington he had to seek shelter for the night in the casual ward; that in the morning he was told he would be detained until the next day in accordance with the Regulations; that ultimately the man was allowed out from 1 p.m. to 2 p.m. to get his unemployment card stamped at the Exchange but was not allowed to sign for unemployment benefit on the ground that he was an inmate of the workhouse; and whether he will amend the Regulations so that the detention of a man in these circumstances shall not be required?

Mr. CHAMBERLAIN: My attention has not previously been called to this case, but I will make inquiries.

Mr. SHEPHERD: Is it within the discretion of the board of guardians to allow a man who is genuinely seeking employment to go, without performing any task?

Mr. CHAMBERLAIN: I cannot answer that question without notice.

FINANCE BILL.

BETTING DUTY.

28. **Colonel DAY** asked the Chancellor of the Exchequer whether his Department has any record of the amount of money paid to the Inland Revenue authorities for betting taxation on illegal betting; and, if so, the amount so received?

The PARLIAMENTARY SECRETARY to the TREASURY (Commander Eyres Monsell): The information is not available.

Colonel DAY: Will the right hon. and gallant Gentleman call the attention of the Chancellor of the Exchequer to the fact that last week a man who was fined £100 for illegal betting, said he had disclosed his books to the Treasury and that the Treasury had written asking for a further 4½d. due on illegal betting.

Commander EYRES MONSELL: Yes, Sir.

INCOME TAX AND SUPER-TAX.

30. **Sir HUGH LUCAS-TOOTH** asked the Chancellor of the Exchequer whether he is aware that the Board of Inland Revenue have declined to consider the payment of certain reclaims in respect of Income Tax, Schedule D, after their duly appointed officer, the inspector of taxes, had undertaken that the reclaimants should not be debarred from relief in respect of their original payments; and whether he will inquire into any cases of which particulars are furnished?

Commander EYRES MONSELL: I will certainly make inquiry into any case of the kind which my hon. Friend brings to my notice.

35. **Mr. RILEY** asked the Chancellor of the Exchequer the amounts paid in Super-tax for the years 1923-24, 1924-25,

[Mr. Riley.]
and 1925-26, and the number of persons paying Super-tax in each of the three years, respectively?

The **CHANCELLOR** of the **EX-CHEQUER** (Mr. Churchill): The hon. Member will find the latest information on this subject in paragraphs 57, 61 and 62, Tables 64, 67 and 68, of the 69th Annual Report of the Commissioners of Inland Revenue (Command Paper 2783).

MOTOR TAXATION.

31. **Captain CROOKSHANK** asked the Chancellor of the Exchequer whether he has instituted an inquiry regarding the possibility of substituting a tax on petrol for the present motor taxes; and, if so, what is the result of the inquiry?

Mr. CHURCHILL: The position remains generally as I indicated in the Budget Statement last year.

Lieut.-Colonel HOWARD-BURY: Did not the right hon. Gentleman promise in last year's Budget that he would favourably consider holding an inquiry and is he aware that each year sees more countries adopting the petrol tax, and that they have overcome in those countries the difficulties that permanent officials raise in order to prevent a change over from horse-power to petrol?

Mr. CHURCHILL: The difficulties that have prevented us from adopting it have not been difficulties raised by the permanent officials, who have shown extraordinary skill in avoiding those difficulties. The reasons we were governed by were those of general policy. The matter is still under consideration.

Captain CROOKSHANK: Will the right hon. Gentleman consider sending out a Select or other Committee to go into the matter?

Mr. CHURCHILL: I really do not think a Committee could give any more information than we have at our disposal.

Sir J. NALL: Has not the incidence of the horse-power tax materially contributed to the great improvement of the engine power of British cars?

Captain A. EVANS: Has the right hon. Gentleman consulted petrol com-

panies with regard to the possible collection of a petrol tax, and, if so, what are their views?

Mr. CHURCHILL: I do not think the difficulties are insuperable, but the matter must be most carefully considered.

Lieut.-Colonel HOWARD-BURY: Has not the horse-power tax cramped the design of cars and allowed the Americans to gain the Australian and Canadian markets?

DOUBLE TAXATION (UNITED STATES).

34. **Captain A. EVANS** asked the Chancellor of the Exchequer if His Majesty's Government have entered into negotiations with the United States Treasury Department with a view to the abolition of double Income Tax; what form the negotiations took; and what is the present position?

Mr. CHURCHILL: An agreement has been reached, and is in force, with the United States for relief from double Income Tax on the profits from the business of shipping; but there have been no negotiations with that Government with a view to a general agreement for the avoidance of double taxation. In this connection I would invite my hon. and gallant Friend's attention to the reply which I gave on this subject to the hon. Member for Maryhill on 23rd June; I am sending him a copy of that reply.

PERSIA (BRITISH DEBT).

36. **Mr. RILEY** asked the Chancellor of the Exchequer if there is any outstanding loan or debt owing to this country by the Government of Persia, either for money advanced or work done for or material supplied to the Government of Persia; and, if so, what is the amount of such loan or debt?

Mr. CHURCHILL: In April, 1925, His Majesty's Government agreed to reduce their claim in respect of various loans made to the Persian Government from over £4,500,000 to £2,000,000 and to accept repayment by means of 25 annuities of £180,000 each to begin in 1926-27. The Persian Government accepted this offer in March, 1926, and promised to submit it for ratification by the Persian Legislature. This has

not yet been done, and accordingly representations were made to the Persian Government on 10th May last, urging that the agreement should be submitted for ratification without further delay.

Mr. RILEY: Does that arrangement provide for interest as well as the reduction of the capital sum?

Mr. CHURCHILL: Yes, Sir. The annuities of £180,000 represent seven per cent. interest and two per cent. sinking fund.

Lieut. - Commander KENWORTHY: How many years are the payments to run?

Mr. CHURCHILL: Twenty-five.

Lieut.-Commander KENWORTHY: Is the right hon. Gentleman aware that the Persian Budget balances better than his, and that the state of the country is, proportionately, more prosperous than the state of this country under his Government?

Mr. CHURCHILL: If any opportunity occurs of discussing the matter with the representatives of the Persian Government, I shall not fail to bring to their notice the points mentioned by the hon. and gallant Member.

GOVERNMENT DEPARTMENTS.

INLAND REVENUE AND CUSTOMS AND EXCISE DEPARTMENTS.

37. **Lord APSLEY** asked the Chancellor of the Exchequer the number of civil servants engaged in the Inland Revenue and Customs and Excise Departments, respectively, on 1st April in each of the last three years.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): With my Noble Friend's permission, I will circulate the answer in the OFFICIAL REPORT.

Following is the answer:

Excluding collectors of taxes and clerks to Commissioners, whose employment on Inland Revenue duties is, in the majority of cases, part-time only, the staff employed by the Inland Revenue numbered at the

1st April, 1925	...	...	15,904
1st April, 1926	...	...	16,288
1st April, 1927	...	...	16,477

The total staff employed in the Customs and Excise Department was as follows:

1st April, 1925	...	...	11,228
1st April, 1926	...	...	11,564
1st April, 1927	...	...	11,795

40. **Lieut.-Commander KENWORTHY** asked the Financial Secretary to the Treasury what are the reasons which have necessitated an increase in the number of officials and other persons employed in His Majesty's Customs of over 500 since 1924; and whether he anticipates any further increase in the near future?

Mr. McNEILL: The increase in the number of persons employed in the Customs and Excise Department since 1924 is attributable to the additional revenue and non-revenue work since imposed upon the Department by legislation. As regards the last part of the question, some further increase will be necessary, but it is anticipated that on the basis of existing volume of work the position will soon be stabilised.

Lieut.-Commander KENWORTHY: Is the right hon. Gentleman aware that the Government have repeatedly stated that no increases will be required in connection with the new duties and, in that case, how does he account for this state of affairs?

Mr. McNEILL: I have no doubt, where that statement applies, it will prove to be correct.

Mr. E. BROWN: Is the right hon. Gentleman aware that one hundred of these officials are housed in His Majesty's Mint, there is such an increase owing to the Safeguarding Duties?

SALARIES.

38. **Mr. E. BROWN** asked the Financial Secretary to the Treasury whether he will inaugurate a uniform method throughout the service of the payment of the salaries of all officers established as the result of the Lytton and Southborough examinations; whether he can see his way to abolishing the present practice of paying such salaries at the monthly rate of eight per cent. to the nearest £1 below; and whether he will consider the desirability of substituting payment at the rate of one-twelfth of the annual salary each month?

Mr. McNEILL: I would refer the hon. Member to the answer I gave to an identical question put by him on the 26th May last.

TEMPORARY STAFF (TYPISTS).

73. **Mr. KELLY** asked the First Lord of the Admiralty what is the number of temporary staff employed in the headquarters offices and outposts of his Department, respectively, in each of the following grades: Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists; and the average length of service of the shorthand-typists and copying-typists concerned?

Lieut.-Colonel HEADLAM: The figures so far as concerned the Admiralty are as follow:

		Average Service:		
		No.	Years.	Months.
Shorthand-typists:				
Grade I. ...	23	6	5	
Grade II. ...	2	4	4	
Typists:				
Grade I. ...	55	7	0	
Grade II. ...	1	2	0	

There are also two Grade III. typists, average service two years. The supply of similar information in regard to the outpost staff would necessitate considerable enquiry, and therefore, unless the hon. Member thinks this information of such

urgent public importance as to justify the expenditure of considerable time and labour, I trust that he will not press for it.

Mr. MACQUISTEN: Were the machines they use made in Britain or America?

Mr. KELLY: May I consult with the hon. and gallant Gentleman?

60. **Mr. KELLY** asked the President of the Board of Trade what is the number of temporary staff employed as Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists, respectively, in each of the following departments of the Board of Trade: Establishment Department; Census of Production Office; Solicitor's Department; Industrial Property Department, including Patent Office; Manchester Trade Marks Office; Companies Department; Department of Overseas Trade; and Mines Department?

The PARLIAMENTARY SECRETARY to the BOARD of TRADE (Sir Burton Chadwick): The answer has been prepared in tabular form. Perhaps the hon. Member will, accordingly, allow me to circulate it in the OFFICIAL REPORT.

Following is the answer:

The following statement gives the information desired by the hon. Member:

TEMPORARY Shorthand-typists and Copying-typists serving in certain Departments of the Board of Trade.

	Temporary Short-hand-typists.		Temporary Copy-ing-typists.		Remarks.
	Grade I.	Grade II.	Grade I.	Grade II.	
Establishment Department ...	13	3	26	1	This staff is part of a "pool" serving all Departments of the Board.
Census of Production Office ...	1	—	5	—	
Solicitor's Department ...	(Included under Establishment Department.)				
Industrial Property Department (Including Patent Office).	—	—	6	—	
Manchester Trade Marks Office ...	—	—	—	—	
Companies Department ...	(Included under Establishment Department.)				
Department of Overseas Trade ...	27	1	24	—	
Mines Department ...	4	—	3	2	
	45	4	64	3	

ECONOMIES.

32. **Captain CROOKSHANK** asked the Chancellor of the Exchequer what, if any, economies have been made in the administration of the Civil Service since the Budget statement, whether by reduction of recruiting or otherwise?

Mr. CHURCHILL: I would refer my hon. Friend to the answer given to the hon. Member for Nottingham Central (Mr. Bennett) on 22nd June.

CLERICAL CLASS (MESSRS. F. L. MYNETT AND A. E. ELLIS).

41. **Mr. BRIANT** asked the Secretary to the Treasury whether the attention of the Civil Service Commission has been drawn to the fact that two officers employed in the Post Office Savings Bank, Messrs. F. L. Mynett and A. E. Ellis, who were refused establishment in the clerical class on medical grounds in 1919, have continued to render effective service ever since, and that they have now been selected for permanent posts in the P-class; and whether, in view of these facts, he will direct that the original refusal of establishment on medical grounds shall be re-opened?

Mr. McNEILL: Mr. F. L. Mynett and Mr. A. E. Ellis were rejected on medical grounds in November, 1921, and April, 1923, respectively, and their cases were again considered in February, 1927, by the Civil Service Commissioners, who saw no grounds for re-opening them for further medical examination. The Commissioners cannot regard these officers as eligible for appointment to pensionable posts, and am not prepared to interfere with their independent discretion in the matter.

FIGHTING SERVICES.

FOOD CONTRACTS.

39. **Mr. HURD** asked the Financial Secretary to the Treasury what is the proportion and value of British contracts for meat for the Army, Navy and Air Force which are given to foreigners in spite of the Government's general policy of preference for British goods?

Mr. McNEILL: The total meat purchases for the Army, Navy and Air Force for the last three years, including tinned meat, amounted to approximately

£3,000,000. Purchases of foreign meat (mainly tinned) amounted to £106,000, or less than 4 per cent. These figures do not include home stations at which requirements are less than 100 lbs. a day, or certain foreign stations where contracts are made locally.

Sir H. BRITTAIN: From which foreign country does the bulk of this foreign meat come?

Mr. McNEILL: I could not say without notice, but I think the Argentine.

51. **Mr. HURD** asked the Secretary of State for the Colonies what steps are being taken by the Empire Marketing Board to induce the authorities concerned to carry out the Board's precept of Buy British Goods in respect of meat purchases for the Army, Navy and Air Force; and whether the Board will consider making a grant or taking other means to ensure a ration of at least two days of British home-grown meat in each week?

The UNDER-SECRETARY of STATE for the COLONIES (Mr. Ormsby-Gore): The Empire Marketing Board has been in frequent consultation with the Departments concerned, and as my hon. Friend is aware from the answer given to him on 20th June by the Financial Secretary to the Treasury, the general contract policy of His Majesty's Government in Great Britain to give substantial preference to Empire over foreign goods is applied to meat purchases for the fighting forces. I do not think the proposal suggested in the last part of the question is likely to commend itself to the Empire Marketing Board.

Mr. HURD: How many meat contracts are now given to British home producers as a result of the hon. Gentleman's representations?

Mr. ORMSBY-GORE: I should like to have notice of that question.

63. **Sir H. LUCAS-TOOTH** asked the Secretary of State for War whether all the potatoes, other vegetables, and fruit served to the troops are grown in this country; and, if not, whether he can estimate what proportion of them is home-grown?

The SECRETARY of STATE for WAR (Sir Laming Worthington-Evans): Of potatoes and other vegetables served to

[Sir L. Worthington-Evans.]

the troops, by far the greater quantity, with the exception of onions, which are mainly imported from Spain and Egypt, is grown in this country. In addition, every endeavour is made to encourage local production by the obtaining of supplies direct from farmers or local markets in the vicinity of military stations. As regards vegetables generally, small quantities of new potatoes are obtained from Spain, St. Malo and Jersey, and of tomatoes, for cooking purposes, from Spain and Teneriffe at periods of the year when home-grown supplies are not available. With regard to fruits, the supply, in the main, is limited to apples, oranges and bananas. Of apples, a large proportion of those supplies is grown in Canada, Australia and New Zealand, while a certain quantity is imported from America, English apples being supplied when available. As regards bananas and oranges, the former are mainly supplied from Jamaica, a small proportion being obtained from the Canary Islands, while the bulk of the supply of oranges is obtained from Spain, with a small proportion from South Africa.

69. Sir H. LUCAS-TOOTH asked the First Lord of the Admiralty whether all the potatoes, other vegetables, and fruit served to the men in His Majesty's ships and dockyards are grown in this country; and, if not, whether he can estimate what proportion of them is home-grown?

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): Although the great majority of such supplies are British grown, it is not possible to estimate what proportion of the vegetables and fruit consumed in His Majesty's ships and naval establishments is home-grown.

Mr. HURD: Are steps taken to encourage those in authority in these several centres to buy British home goods where even they can?

Lieut.-Colonel HEADLAM: Yes, whenever it is possible British home-grown goods are obtained.

Sir H. BRITTAIN: Why should what is possible for the War Office, which has given a most picturesque answer, be impossible for the Admiralty?

Lieut.-Colonel HEADLAM: I have no doubt I could give as picturesque an answer as that given by my right hon. Friend, but one picturesque answer is good enough for one day.

COST-OF-LIVING (INDEX FIGURE).

64. Captain A. EVANS asked the Secretary of State for War whether he is aware how the present index cost-of-living figure affects the Services; and if he will consider the alteration of this figure as far as it affects the Army?

Sir L. WORTHINGTON-EVANS: The rates of pay, half-pay and retired pay for officers sanctioned in 1919 were settled in relation to the cost-of-living index figures published by the Ministry of Labour. The periodical review to which these rates are subject is, therefore, necessarily based on those figures, as explained on pages 228 and 282 of the current Army Estimates.

Captain EVANS: Can the right hon. Gentleman say when the last review of the cost-of-living index figure took place, and whether the Minister of Labour consulted his Department as far as it affected the Services?

Sir L. WORTHINGTON-EVANS: No, Sir; I do not think a review has taken place, because the contract was based on the figures then in existence.

Captain EVANS: Is the right hon. Gentleman aware that the Minister of Labour stated in this House only a few days ago that he did review this figure, and consulted the Trades Union Congress with reference to the alteration of the figure; and was the War Office considered in this matter?

Sir L. WORTHINGTON-EVANS: I am afraid it is not material, because the contract was based upon certain figures, and the successors of those figures still govern the contract.

Colonel APPLIN: Could my right hon. Friend explain to the House the relationship between the cost-of-living of a working man and that of an officer?

Sir L. WORTHINGTON-EVANS: I am afraid not at Question Time.

71. **Captain ARTHUR EVANS** asked the First Lord of the Admiralty whether he is aware how the present index cost-of-living figure affects the Services; and if he will consider the alteration of this figure so far as it affects the Navy?

Lieut.-Colonel HEADLAM: The answer to the first part of the question is in the affirmative. As regards the second part, I would refer my hon. and gallant Friend to the reply given by the Minister of Labour on 22nd June to the Noble Member for Shrewsbury (OFFICIAL REPORT, column 1856-7).

Captain EVANS: Have the Admiralty had any opportunity in the last six months of making representations to the Minister of Labour on this matter as far as it affects the pay of the naval forces?

Lieut.-Colonel HEADLAM: The Admiralty are perfectly well aware of the difficulty in this matter. The answer that the Secretary of State for War gave just now equally applies to the Admiralty.

CREDITS (AGRICULTURE AND FISHERIES).

42. **Lieut.-Commander KENWORTHY** asked the Minister of Agriculture if he can report any progress with the proposal to provide cheaper credits for farmers and other agriculturists; what are the present obstacles to the introduction of the necessary legislation; and whether part of the proposed credits will be made available for the deep-sea fisheries of the country?

Mr. GUINNESS: I regret that I am not yet in a position to make any statement with regard to agricultural credit. With regard to the last part of the question, I would refer the hon. and gallant Member to the reply I gave on the 16th May last to the hon. Member for the Don Valley (Mr. T. Williams).

Lieut.-Commander KENWORTHY: Is the right hon. Gentleman aware that the reply to which he has referred me does not deal at all with deep-sea fisheries; and will he also be kind enough to answer the second part of the question?

Mr. GUINNESS: I find on reference to the reply that it did not specifically deal with fishermen, but obviously a form of agricultural credit to be advanced on

land mortgage could not be suitable for the fishing industry, where the security would only be the boats and gear.

Lieut. - Commander KENWORTHY: Will the right hon. Gentleman answer the second part of my question?

Mr. GUINNESS: I have explained that matter thoroughly in the answer to which I have referred the hon. Member. We are negotiating, but I am doubtful if it would be helpful to discuss the details of the difficulties in Parliament at this stage.

Mr. H. WILLIAMS: May I ask whether the Press agitation decrying the condition of British agriculture is crippling the Government's effort to provide credit for this industry?

Mr. GUINNESS: I am getting a good many representations that, owing to the decrying of agricultural credit, merchants are pressing farmers to pay off their debts.

Sir ROBERT SANDERS: Can the right hon. Gentleman give us any idea when he will be able to answer the first part of this question?

Mr. GUINNESS: I have said in answer to at least three questions in the last week that we are doing all we can to find a solution, and when I have anything to announce I shall announce it.

Mr. DIXEY: Is there any possibility of its being announced this Session?

Mr. GUINNESS: I really have nothing to add to what I have said.

Lieut. - Commander KENWORTHY: With regard to the right hon. Gentleman's answer about the Press agitation, does he not think that agriculture has been helped by previous agitations, and why does he ride off by blaming the newspapers?

Mr. GUINNESS: I did not blame the Press. I was asked whether there was a restriction of credit owing to the decrying of agricultural credit, and I answered that I have had correspondence which bears out that suggestion.

Mr. E. BROWN: Does not the right hon. Gentleman think the Press is rendering a great service to agriculture by calling attention to the great difficulties under which it is labouring?

AFFORESTATION.

45. **Mr. JOHNSTON** asked the Prime Minister whether his attention has been called to the Seventh Annual Report of the Forestry Commissioners, wherein it is declared that the planting programme being carried out does not reach the proposals contained in the Acland Report; that unless State planting can be speeded up there will be fewer than 3,000,000 acres under productive forest until the year 1955; and that this country is becoming increasingly dependent upon foreign supplies for timber and wood pulp which could be raised at home; and whether he proposes to take any steps to facilitate additional planting?

The PRIME MINISTER (Mr. Baldwin): The answer to the first part of the question is in the affirmative. The future policy of the Government in regard to afforestation is now under consideration.

DOGS (QUARANTINE PERIOD).

48. **Lord APSLEY** asked the Minister of Agriculture whether, seeing that the maximum period of incubation of any disease, including rabies, in dogs is two months, he will consider the reduction of the present period of six months' quarantine in certain establishments approved by his Department of dogs taken from England but brought back by their owners, on the ground that many of the latter cannot, owing to financial circumstances, afford to pay the necessary charges for this period?

Mr. GUINNESS: My Noble Friend is in error as to the maximum incubation period of rabies, as dogs from abroad have developed rabies from three to five and a half months after they have arrived at quarantine stations in this country. I do not consider that inability to pay the necessary quarantine charges would justify me in reducing the period of quarantine and, thereby, adding very considerably to the risk of the introduction of such a terrible disease into this country.

Captain A. EVANS: Will the right hon. Gentleman tell the House when last a case of rabies took six months to develop? Is it not the fact that this period of six months was only introduced

during the War, or immediately after the War, when many dogs were being brought back from France?

Mr. GUINNESS: Oh, no; and anyhow the number of dogs being brought in does not affect the period of incubation. I have many cases; in the last one, which was in 1924, the incubation took five and a half months, while the dog was in quarantine.

UGANDA (LIQUOR TRAFFIC).

52. **Mr. HORE-BELISHA** asked the Secretary of State for the Colonies whether he is aware that a distillery has recently been started in the West African Protectorate of Uganda to facilitate the sale of intoxicating liquor to the natives; and why, in view of the provisions of the Peace Treaty, this has been permitted?

Mr. ORMSBY-GORE: I am afraid the hon. Member is labouring under some misapprehension. As regards the first part of the question, I would point out that Uganda is in East and not in West Africa. No such distillery exists; and, even if there had been a distillery erected for such a purpose in Uganda, it would not be affected in any way by the Treaty of Versailles.

Mr. WALLHEAD: Can the right hon. Gentleman say what bearing that has on the times in which we live?

POST OFFICE.

SAVINGS BANK DEPOSITS (WITHDRAWALS).

56. **Mr. COUPER** asked the Postmaster-General whether he has under consideration any proposals for introducing a cross-warrant system in regard to Post Office Savings Bank accounts and increasing the amount of deposit that at present can be drawn on demand by holders of savings bank accounts at the Post Office; and, if so, is he in a position to make any statement regarding them?

The ASSISTANT POSTMASTER-GENERAL (Viscount Wolmer): Yes, Sir, and I hope to be able to announce full particulars of these changes very soon.

TELEGRAMS, TUNSTALL (DELIVERY).

58. **Mr. MacLAREN** asked the Postmaster-General if he will give the post

office of Tunstall, Stoke-on-Trent, the necessary authority to deliver telegrams, so as to facilitate delivery and remove the congestion now caused at the present office of delivery in Burslem, Stoke-on-Trent?

Viscount WOLMER: The arrangement recently introduced, under which telegrams for Tunstall are delivered by cycle messengers from the Burslem office, entails no delay and provides much more satisfactory accommodation for the messengers. I am informed that there is no congestion at the Burslem office; and accordingly I can see no good reason for reverting to the earlier arrangement.

Mr. MacLAREN: Might I tell the Noble Lord that I have just received intimations from fishmongers and people dealing in perishable goods, that their telegrams have been held up for one hour by the Post Office?

Viscount WOLMER: I shall be very glad to confer with the hon. Member, and go into any cases.

TRANS-ATLANTIC TELEPHONE SERVICE (CANADA).

57. **Colonel MORDEN** asked the Postmaster-General if the fact that the United States was connected by telephone with this country before the Dominion of Canada is due to the action of the Home or Canadian authorities?

Viscount WOLMER: Since, as my hon. Friend is no doubt aware, there is no wireless station in Canada capable, at the present stage of technical knowledge, of commercial telephonic working with this country, the opening of a service with the United States was necessarily the first step in establishing trans-Atlantic telephone communication.

Colonel MORDEN: Is it not a fact that the first wireless messages to America were sent through Canada?

Viscount WOLMER: Not the first wireless telephone messages.

PORTHENRY COLLIERY (GAS OUTBURST).

61. **Dr. J. WILLIAMS** asked the Secretary for Mines how many men were injured by the outburst of gas in the Porthenry colliery; and whether the pre-

cautions which were recommended by the committee of inquiry into the last outburst at this colliery have been observed?

The SECRETARY for MINES (Colonel Lane Fox): An outburst of gas and small coal occurred at the colliery on Tuesday last, when 150 men were below ground. Earth movements gave about 10 minutes' warning, and all the men were able to reach safety without injury, except that two or three were slightly gassed. The precautions laid down as the result of inquiries following the outburst in September, 1924, were observed.

ST. STEPHEN'S HALL (PAINTINGS).

62. **Mr. JOHNSTON** asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether he is aware that the only historical picture in St. Stephen's Hall representing an incident in Scottish history deals with an act of national humiliation subsequent to the boycott of the Darien scheme by the English Government; and whether any other subject illustrative of an episode in Scots history was considered?

The UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking—for The FIRST COMMISSIONER of WORKS): The subjects for the paintings in St. Stephen's Hall, depicting the Building of Britain were selected after much consideration by an eminent historian, and approved by my Noble Friend, the First Commissioner of Works, who considers that the Act of Union, so far from implying any humiliation, was a striking exhibition of the good sense of both countries.

Mr. JOHNSTON: Will the hon. and gallant Gentleman consider the advisability of affixing a tablet to that picture giving the names of the Scottish peers who were acting as Commissioners, and the amount of monetary bribes they received from the English Government for this act of national humiliation?

Captain HACKING: The names of the Commissioners are to be found in the Landbook, which can be purchased at the price of 1s. There is no suggestion, in the picture at any rate, that any money passed into the hands of the Commissioners. If any such opportunity had

[Captain Hacking.]
been given to Scotsmen, I am quite certain they would have availed themselves of it.

Mr. JOHNSTON: Is the hon. and gallant Gentleman himself in possession of the facts with regard to the amount of monetary bribes these Commissioners received, and does he think it desirable that that act of humiliation should be the sole subject of Scottish history represented in St. Stephen's Hall?

Mr. MacLAREN: Would the hon. and gallant Gentleman consider a suggestion, to placate Scottish patriots, that we should have a painting showing the little altercation that took place at Bannockburn between Robert the Bruce and De Bohun?

Sir H. BRITAIN: Is it not the fact that even this picture will not keep Scots away from London?

INDIA.

ZEMINDARS.

65. **Mr. WELLOCK** asked the Under-Secretary of State for India if any changes have taken place in the basis of payment to the Indian Exchequer by the Indian zemindars under the land settlement of 1793; and, in case such changes have taken place, whether he can give a record of them?

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): In 1793, a Bengal Regulation was enacted giving the force of law to the following declaration:

"The Governor-General in Council accordingly declares to the Zemindars, independent Talookdars, and other actual proprietors of land, with or on behalf of whom a settlement has been concluded under the Regulations above-mentioned [namely, the Regulations for the decennial settlement of the public revenues of Bengal, Bihar and Orissa passed in 1789 and 1790], that, at the expiration of the term of the settlement, no alteration will be made in the assessment which they have respectively engaged to pay, but that they, and their heirs and lawful successors, will be allowed to hold their estates at such assessments for ever."

That Regulation is still in force.

66. **Mr. WELLOCK** asked the Under-Secretary of State for India what was the total annual income of the Indian zemindars

and the total sum they paid to the Indian Exchequer at the time the permanent land settlement was made in 1793, and at some recent date?

Earl WINTERTON: The total sum paid in 1793 as land revenue by the zemindars affected by the permanent settlement of that year (i.e., the zemindars of Bengal, Bihar and Orissa) was about Rs.2,85,90,000, and in 1925-26 was Rs.3,11,37,819. My Noble Friend has no information regarding their total annual income.

ASSAM TEA PLANTATIONS (WAGES).

67. **Lieut. - Colonel HOWARD - BURY** asked the Under-Secretary of State for India the average monthly wages of men, women, and children in the Assam tea plantations during the years 1920-21 and 1925-26, respectively?

Earl WINTERTON: The average monthly wages of men in the Assam Valley Plantations increased from Rs.9 8a. in 1920-21 to Rs.12 8a. in 1925-26. The wages of women increased from Rs.8 1a. to Rs.10 1a., and of children from Rs.5 1a. to Rs.5 12a. In the Surma Valley the wages of men increased from Rs.7 10a. to Rs.9 12a., of women from Rs.6 2a. to Rs.7 14a., and of children from Rs.3 14a. to Rs. 5. As the figures for 1920-1921 include, whilst those for 1925-26 exclude, diet and subsistence allowances, the increase in cash earnings is greater than the figures indicate.

ROYAL NAVY.

DISCHARGES AND DESERTIONS.

70. **Mr. HORE-BELISHA** asked the First Lord of the Admiralty the number of ratings who secured their discharge by purchase and who deserted from the Navy during the year 1906, respectively; and the corresponding number during the year 1926?

Lieut.-Colonel HEADLAM: The figures for the calendar years are not available, those for the financial years are as follow:

		1906-07.	1926-27.
Discharged	by		
purchase	...	1,070	197
Desertions	...	1,896	258

Sir J. NALL: Do not these figures illustrate the sheer futility of Communist propaganda?

Lieut. - Commander KENWORTHY: Does the hon. and gallant Gentleman suggest that Communist propaganda has anything to do with any of these desertions at all at any time?

DRINKING ARRANGEMENTS.

72. Mr. ROBERT YOUNG asked the First Lord of the Admiralty if he is aware that general request No. 21, A.F.O. 1346, for better hygienic drinking arrangements, where necessary, to be fitted in all ships, with particular consideration to the engine-room and boiler-rooms, was put forward by representatives of the whole of the lower deck; and will he state whether the suggestions will be carried out?

Lieut.-Colonel HEADLAM: The existing drinking arrangements on board His Majesty's ships are considered to be hygienic. It is possible, however, that some different method of supply might be more convenient to the men and any suggestions submitted through the usual channels will be considered.

Mr. YOUNG: When a request was made was not the reply of such a character that the man could not understand it?

Lieut.-Colonel HEADLAM: I cannot quite answer that question. As far as I know there is no substantial ground for the hon. Member's opinion, and what I have answered is the case. If any good suggestions can be made, we are perfectly willing to consider them.

Sir BERTRAM FALLE: Is the hon. and gallant Gentleman aware that if a man in the engine room wants a drink of water, he has to leave the engine room before he can get it?

PRE-WAR PENSIONERS (WAR SERVICE).

74. Mr. HORE-BELISHA asked the Parliamentary Secretary to the Admiralty whether a naval seaman or marine who was discharged to modified pension before the great War and who subsequently returned for service during the War was allowed, after demobilisation, to count his war service for addi-

tional pension; and if the total service entitled him to the full pension of the rank held on demobilisation?

Lieut.-Colonel HEADLAM: Pre-War naval and Royal Marine pensioners who were mobilised for service in the late War were allowed to reckon their war service for the appropriate increase of pension for which they were eligible in respect of the combined service, including time served in petty officer and higher non-commissioned ranks.

POOR LAW GUARDIANS (LOANS).

22. Mr. MONTAGUE (for Mr. W. THORNE) asked the Minister of Health how much of the £55,373 principal and interest payable during the financial year 1926-27 has been paid by the Bedwelty Poor Law guardians?

Mr. CHAMBERLAIN: No payment was made by the Bedwelty guardians during the financial year 1926-27 in respect of loans advanced by the Ministry.

23. Mr. MONTAGUE (for Mr. THORNE) asked the Minister of Health how much of the £30,688 principal and interest payable during the financial year 1926-27 has been paid by the Sheffield Poor Law guardians?

Mr. CHAMBERLAIN: The total payment made by the Sheffield guardians during the financial year 1926-27 in respect of loans advanced by the Ministry was £49,946.

24. Mr. MONTAGUE (for Mr. THORNE) asked the Minister of Health how much of the £328,563 principal and interest payable during the financial year 1926-27 has been paid by the West Ham Poor Law commissioners?

Mr. CHAMBERLAIN: The total payment made by the West Ham guardians during the financial year 1926-27 in respect of loans advanced by the Ministry was £108,674.

HOP PICKING (MODEL BYE-LAWS).

26. Captain GARRO-JONES (for Mr. BRIANT) asked the Minister of Health how many district councils have adopted

[Captain Garro-Jones.]
the model bye-laws issued early in 1926
for the better regulation of hop-picking
areas?

Mr. CHAMBERLAIN: Eleven councils
have made bye-laws based on the new
model.

BUSINESS OF THE HOUSE.

Mr. CLYNES: May I ask the Prime
Minister if he will state the business for
next week?

The PRIME MINISTER: The business
next week will be:

On Monday and Tuesday, Finance Bill
—Committee.

On Wednesday, Opposition Motion of
Censure on the Government relating to
the House of Lords.

On Thursday, Supply, Committee:
Foreign Office Vote (on which a Debate
on Disarmament will take place).

On Friday, Supply, Committee: India
Office Vote.

Lieut. - Commander KENWORTHY:
Will the Government be able to state
their intentions on Wednesday with
regard to the House of Lords?

The PRIME MINISTER: It is a very
short time to wait until Wednesday.

Mr. THURTLÉ: Can the Prime Minis-
ter say whether there is any truth in the
rumour that the Government intend to
refuse to give battle next Wednesday?

The PRIME MINISTER: I am afraid
I did not hear the hon. Gentleman's ques-
tion. I ought to have added the usual
phrase, "On each day, if time permits,
other Orders will be taken."

Motion made, and Question put, "That
other Government Business have pre-
cedence this day of the Business of
Supply."—[*The Prime Minister.*]

The House divided: Ayes, 224;
Noes, 112.

Division No. 227.]

Acland-Troyte, Lieut.-Colonel
Alexander, E. E. (Leyton)
Applin, Colonel R. V. K.
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Atholl, Duchess of
Baldwin, Rt. Hon. Stanley
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Beamish, Rear-Admiral T. P. H.
Beckett, Sir Gervase (Leeds, N.)
Bellairs, Commander Carlyon W.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowyer, Captain G. E. W.
Braithwaite, Major A. N.
Brass, Captain W.
Brassey, Sir Leonard
Briggs, J. Harold
Brittain, Sir Harry
Brocklebank, C. E. R.
Broun-Lindsay, Major H.
Brown, Brig.-Gen. H.C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Bullock, Captain M.
Burman, J. B.
Butler, Sir Geoffrey
Cadogan, Major Hon. Edward
Calne, Gordon Hall
Campbell, E. T.
Carver, Major W. H.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbt. R. (Prismth.S.)
Cazalet, Captain Victor A.
Chadwick, Sir Robert Burton
Chamberlain, Rt. Hon. N. (Ladywood)
Charteris, Brigadier-General J.
Christie, J. A.

AYES.

Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Cockerill, Brig.-General Sir George
Cohen, Major J. Brunel
Couper, J. B.
Craig, Sir Ernest (Chester, Crewe)
Crooke, J. Smedley (Derfend)
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Curzon, Captain Viscount
Davies, Sir Thomas (Clarence)
Davies, Dr. Vernon
Dawson, Sir Philip
Dean, Arthur Wellesley
Dixey, A. C.
Drewe, C.
Edmondson, Major A. J.
Elliot, Major Walter E.
Ellis, R. G.
Elveden, Viscount
Erskine, Lord (Somerset, Weston-s.-M.)
Erskine, James Malcolm Monteith
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Falls, Sir Bertram G.
Fielden, E. B.
Forestier-Walker, Sir L.
Forrest, W.
Foster, Sir Harry S.
Fraser, Captain Ian
Fremantle, Lieut.-Colonel Francis E.
Ganzoni, Sir John
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Goff, Sir Park
Grattan-Doyle, Sir N.
Greaves-Lord, Sir Walter
Gunston, Captain D. W.

[3.45 p.m.]

Hacking, Captain Douglas H.
Hanbury, C.
Harland, A.
Harrison, G. J. C.
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Hawke, John Anthony
Headlam, Lieut.-Colonel C. M.
Henderson, Capt. R. R. (Oxf'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Colonel Arthur P.
Henn, Sir Sydney W.
Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
Holt, Capt. H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hopkins, J. W. W.
Hopkinson, Sir A. (Eng. Universities)
Howard-Bury, Lieut.-Colonel C. K.
Hunter-Weston, Lt.-Gen. Sir Aymer
Huntingfield, Lord
Hurd, Percy A.
Hutchison, G. A. Clark (Midi'n & P'bl's)
Iliffe, Sir Edward M.
James, Lieut.-Colonel Hon. Cuthbert
Jephcott, A. R.
Joynson-Hicks, Rt. Hon. Sir William
Kennedy, A. R. (Preston)
Kidd, J. (Linlithgow)
King, Commodore Henry Douglas
Lane Fox, Col. Rt. Hon. George R.
Lelgh, Sir John (Clapham)
Lister, Cunliffe, Rt. Hon. Sir Philip
Locker-Lampson, G. (Wood Green)
Loder, J. de V.
Long, Major Eric
Looker, Herbert William
Lougher, Lewis
Lucas-Tooth, Sir Hugh Vere
Luce, Major-Gen. Sir Richard Harman
Lumley, L. R.
Lynn, Sir R. J.
Macdonnell, Colonel Hon. Angus
MacIntyre, Ian
McNeill, Rt. Hon. Ronald John

Macquisten, F. A.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Morden, Col. W. Grant
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nall, Colonel Sir Joseph
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, Col. Rt. Hon. W. G. (Preston)
 Nield, Rt. Hon. Sir Herbert
 O'Neill, Major Rt. Hon. Hugh
 Ormsby-Gore, Rt. Hon. William
 Perny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Pilditch, Sir Philip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Raine, Sir Walter
 Ramsden, E.
 Remnant, Sir James
 Rentoul, G. S.
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)

Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith-Carington, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fyde)
 Story-Deans, R.
 Streetfield, Captain S. R.
 Stuart, Crichton, Lord C.
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Tasker, R. Inigo.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)

Tryon, Rt. Hon. George Clement
 Turton, Sir Edmund Russborough
 Vaughan-Morgan, Col. K. P.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, Sir Kingsley (Woolwich W.)
 Worthington-Evans, Rt. Hon. Sir L.
 Wragg, Herbert
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Sir Harry Barnston and Major
 Sir George Hennessy.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Bowerman, Rt. Hon. Charles W.
 Broad, F. A.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Charleton, H. C.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Compton, Joseph
 Connolly, M.
 Crawford, H. E.
 Dalton, Hugh
 Day, Colonel Harry
 Dennison, R.
 Dunnico, H.
 Edwards, C. (Monmouth, Bedwellty)
 Edwards, J. Hugh (Accrington)
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenall, T.
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydfil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.

Harris, Percy A.
 Hartshorn, Rt. Hon. Vernon
 Hayes, John Henry
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hore-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 Johnston, Thomas (Dundee)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Lansbury, George
 Lee, F.
 Lunn, William
 Mackinder, W.
 MacNeill-Weir, L.
 Macpherson, Rt. Hon. James I.
 March, S.
 Montague, Frederick
 Morrison, R. C. (Tottenham, N.)
 Murnin, H.
 Naylor, T. E.
 Oliver, George Harold
 Pailin, John Henry
 Parkinson, John Allen (Wigan)
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.
 Riley, Ben
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.
 Runciman, Rt. Hon. Walter
 Salter, Dr. Alfred
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond

Short, Alfred (Wadnesbury)
 Sinclair, Major Sir A. (Caithness)
 Sitth, Charles H.
 Slessor, Sir Henry H.
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees- (Kelghley)
 Smith, Rennie (Penistone)
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Strauss, E. A.
 Sullivan, J.
 Thomas, Rt. Hon. James H. (Derby)
 Thorne, G. R. (Wolverhampton, E.)
 Thurtle, Ernest
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Westwood, J.
 Whiteley, W.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.
 Young, Robert (Lancaster, Newton)

TELLERS FOR THE NOES.—
 Sir Robert Hutchison and Mr. Fenby.

HASTINGS TRAMWAYS COMPANY (TROLLEY VEHICLES) BILL [Lords].

Reported, with Amendments.

Report to lie upon the Table, and to
 be printed.

GRAVESEND, ROSHERVILLE, AND NORTHFLEET TRAMWAYS (AMENDMENT) PROVISIONAL ORDER BILL.

Reported, with Amendments. [Pro-
 visional Order confirmed].

Report to lie upon the Table, and to be printed.

Bill, as amended, to be considered To-morrow.

SELECTION (STANDING COMMITTEES).

STANDING COMMITTEE A.

Mr. WILLIAM NICHOLSON reported from the Committee of Selection; That they had discharged the following Member from Standing Committee A: Viscount Elveden; and had appointed in substitution: Lieut-Colonel Windsor-Olive.

Report to lie upon the Table.

MESSAGE FROM THE LORDS.

That they have passed a Bill, intituled, "An Act to make such amendments of The Workmen's Compensation Act, 1925, as are necessary to give effect to a certain resolution adopted by an Imperial Conference held in London in the year nineteen hundred and twenty-six." [Workmen's Compensation (Transfer of Funds) Bill [*Lords*].]

And also, a Bill intituled, "An Act to vary the trusts, powers, and provisions of two several settlements, both dated the seventeenth day of August, one thousand nine hundred and twenty, and executed on the marriage of Ralph Frederic Bury and Violet Esmé Bentley." [Bury Estate Bill [*Lords*].]

Ouse Drainage Bill,—That they have appointed a Committee consisting of five Lords to join with a Committee of the Commons to consider the Ouse Drainage Bill, pursuant to the Commons Message of Monday last, and they propose that the Joint Committee do meet in Committee Room No. 1, on Tuesday the 12th of July next, at Eleven o'clock.

Rabbits and Rooks Bill [*Lords*].—That they request that the Commons will be pleased to give leave to Sir Edmund Turton, baronet, a Member of their House, to attend, in order to his being examined as a witness, before the Select Committee appointed by their Lordships in the present Session of Parliament on the Rabbits and Rooks Bill [*Lords*].

BURY ESTATE BILL [*Lords*].

Read the first time; and referred to the Examiners of Petitions for Private Bills.

OUSE DRAINAGE BILL,

So much of Lords Message as refers to time and place of meeting considered.

Ordered, That the Committee appointed by this House do meet the Lords Committee as proposed by their Lordships.— (*Commander Eyres Monsell*.)

Message to the Lords to acquaint them therewith.

RABBITS AND ROOKS BILL [*Lords*],

So much of Lords Message as requests the attendance of Sir Edmund Turton, baronet, considered:—

And, Sir Edmund Turton having consented, leave given.

WRITTEN ANSWERS.

CONCRETE SHELTERS (GERMANY).

Sir F. HALL asked the Secretary of State for Foreign Affairs whether the Government propose to take advantage of the invitation which has been conveyed by the German authorities to the military experts of the Powers, formerly represented on the Inter-Allied Military Commission of Control, to inspect the work of demolition of the concrete shelters in the eastern fortresses of Germany; whether this invitation has been referred by the experts of the Governments of the interested Powers; and will he arrange for the Report of the results of any inspection that may take place to be circulated to the House as soon as it has been received?

Mr. LOCKER-LAMPSON: I understand that General von Pawelsz, who represents the German Government in these matters, has now formally issued an invitation for one or two of the Allied military experts to accompany him on a tour of inspection of the fortifications on Germany's eastern frontier, the demolition of which was agreed upon between the German Government and

the Allied Governments concerned last January. Formal note has been taken of this invitation and arrangements in connection with the projected visit are at present under discussion.

I am unable at this stage to forecast what decision will be taken with regard to the circulation of any report which may be drawn up as a result of this visit.

ROYAL NAVY (SPORTS CLOTHING).

Sir B. FALLE asked the First Lord of the Admiralty whether he is aware that an Admiralty circular letter of December, 1912, authorised naval ratings to wear sports clothing when going on shore and returning on board; and whether he will take the necessary action to draw the attention of commanding officers to this Order, which is still in force although generally unknown?

Lieut. - Colonel HEADLAM: This matter was raised by the Welfare Conference, and the Admiralty decision was that this was a matter which must be left to the discretion of the commander-in-chief or senior naval officer present. As the decision was promulgated as recently as 18th May last in Admiralty Fleet Order 1346, I have no reason for assuming that it is not within the cognisance of all commanding officers.

EDUCATION.

SCHOOL ACCOMMODATION, NORTH WALES.

Sir R. THOMAS asked the President of the Board of Education whether he has any information as to the number of schools in North Wales where the accommodation available is insufficient for the number of scholars attending; and in how many cases are the buildings in such an unsatisfactory condition as to require rebuilding in the near future?

Lord E. PERCY: The average attendance for the year 1926-27 exceeded the recognised accommodation in the case of 13 public elementary schools in the six counties of North Wales. None of these are included in Schedule A of the Black List.

VACCINATION LEAFLETS, MONMOUTHSHIRE.

Mr. GROVES asked the President of the Board of Education whether his attention has been called to the action of the local education authority in Monmouthshire in distributing a four-page leaflet, printed and published by an insurance company, advocating vaccination in the local schools; and whether, in view of the fact that propaganda on controversial subjects has not been allowed by the Board to be introduced into the schools which receive Government grants, he will instruct the local authority to refrain from circulating leaflets of this nature?

Lord E. PERCY: I am in communication with the local authority in regard to this matter.

GOVERNMENT DEPARTMENTS.

BOARD OF EDUCATION (TYPISTS).

Mr. AMMON asked the President of the Board of Education what is the number of temporary staff employed as Grade I shorthand typists, Grade II shorthand typists, Grade I copying typists, and Grade II copying typists, respectively, in each of the following offices under his control: Board of Education headquarters and provincial centres, respectively, British Museum, Imperial War Museum, London Museum, National Gallery, National Portrait Gallery and Wallace Collection?

Lord E. PERCY: The numbers employed at the offices of the Board are as follow:

Temporary shorthand typist:

Grade I	1
Grade II	—

Temporary copying typists:

Grade I	29
Grade II	12

One temporary shorthand typist, Grade I, is employed outside London. None of the other offices referred to by the hon. Member are under the control of my Department.

TECHNICAL ASSISTANTS, WOOLWICH.

Lieut.-Colonel McDONNELL asked the Secretary of State for War why, in view of the terms of appointment of supervisors and technical assistants in the Royal

Ordnance factories, Woolwich, whereby engagements are dependent on obtaining a permanent appointment within a certain period of years, this condition was not enforced in the case of Mr. Bremner, who, although employed in a temporary managerial capacity for over two years, while serving in the grade of technical assistant was discharged prior to an employé who had longer service in the technical assistant grade?

Sir L. WORTHINGTON-EVANS: The terms of appointment to the grade of technical assistant, which superseded the grade of supervisor, mention the period of tenure as normally four years. This has not, however, been applied as a rigid rule, and retention for a longer period does not of itself imply subsequent promotion to the managerial ranks. The discharge of technical assistants not selected for such posts does not necessarily take place in order of length of service, but each case is considered on its merits and I regret that there are no grounds for altering the decision reached in Mr. Bremner's case. I am advised that Mr. Bremner has at no time discharged full managerial duties in the factories.

WOMEN CLERICAL OFFICERS.

Mr. DUCKWORTH asked the Financial Secretary to the Treasury what was the first date upon which a woman clerical officer received her appointment as a result of the Lytton limited competition of 1920; and what was the first date upon which a woman clerical officer was appointed from this examination in the Post Office?

Mr. McNEILL: I would refer the hon. Member to the reply given to the hon. Member for Wallsend (Miss Bondfield) on the 31st May.

UNEMPLOYMENT.

RELIEF SCHEMES, BRISTOL.

Mr. W. BAKER asked the Minister of Labour whether he is aware that, while there are 18,000 unemployed in Bristol, only 544 men are being employed on relief works; and whether he will urge the Unemployment Grants Committee and the Ministry of Transport to consider the

possibility of further grants to enable the City of Bristol to extend its relief schemes?

Sir A. STEEL-MAITLAND: On the 20th June, 1927, 10,862 men were registered as unemployed at the Exchanges in Bristol, including Avonmouth, Kingswood and Eastville, while on the 28th May, 1927 (the latest date for which returns are available), 945 men were engaged on State assisted relief schemes in the area. The initiation of further relief schemes is a matter for the local authorities concerned, who are fully aware of the conditions under which State grants may be obtained.

BENEFIT (CASUAL RELIEF).

Mr. SHEPHERD asked the Minister of Labour whether there are any Regulations governing the case of an unemployed man who is otherwise entitled to unemployment benefit, but, travelling by road to secure promised employment, is compelled by destitution to have recourse for one night to a casual ward; whether in these circumstances the man becomes disqualified for benefit; and, if so, whether he will consider the advisability of an amendment of the Regulations?

Sir A. STEEL-MAITLAND: In ordinary circumstances an unemployed man who is otherwise entitled to unemployment benefit is not disqualified by the statutory authorities merely on the ground that he had recourse for one night to a casual ward. If the hon. Member has a particular case in mind, I should be glad to have inquiries made.

ROYAL AIR FORCE (HOME-GROWN FOOD).

Sir H. LUCAS-TOOTH asked the Secretary of State for Air whether all the potatoes, other vegetables, and fruit served to the Air Force are grown in this country; and, if not, whether he can estimate what proportion of them is home-grown?

Sir S. HOARE: Practically all the potatoes, vegetables and fruit consumed by Air Force units at home are home-grown; the main exceptions being those kinds of fruit which cannot be obtained in this country. The home-grown pro-

portion of the whole would be very greatly preponderant, but I cannot give an exact percentage.

HOUSING.

NORTH WALES.

Sir R. THOMAS asked the Minister of Health the number of houses built in the six counties of North Wales during the period January, 1926, to 31st March, 1927; and what is the approximate average rent per house?

Mr. CHAMBERLAIN: The number of houses completed with State assistance in North Wales during the period 1st January, 1926, to 31st March, 1927, was 1,546. Statistics of the number of houses completed without State assistance are obtained half-yearly, and the number completed in North Wales during the period of 18 months ended 31st March, 1927, was 1,634. I have no information about the rentals of these houses.

KENT COALFIELD.

Sir R. THOMAS asked the Minister of Health what information he has regarding the present stage of development of the Kent coalfield; to what extent it will be possible to avoid the nuisance of industrial smoke in this area; and whether there are in force such stipulations regarding town-planning as will prevent the creation of housing conditions similar to those prevailing in the older coalfields?

Mr. CHAMBERLAIN: My information is that three mines are working and one being sunk. I understand that electricity is likely to be extensively used in the working of the mines, and that the risk of smoke nuisance will thus be much reduced. Provision is being made to ensure that the housing and other development is in accordance with town-planning conditions.

METROPOLITAN POLICE (HOUSING).

Colonel DAY asked the Home Secretary what provision has been made with a view to finding suitable housing accommodation for married police officers who have been transferred to suburban areas for the 12 months ended to the last convenient date?

Sir W. JOYNSON-HICKS: The funds available for the provision of housing accommodation for the Metropolitan Police are necessarily reserved for the Central Divisions where the need is greatest. In the residential suburbs the men are left to make their own arrangements apart from a few sets of quarters at new stations.

Colonel DAY asked the Home Secretary the number of married police officers at present occupying married quarters in the Metropolitan Police area; and whether, in view of the shortage of housing accommodation for married officers with families, it is intended in the near future to erect more up-to-date and modern homes for them?

Sir W. JOYNSON-HICKS: There are 937 married officers housed in officially provided married quarters within the Metropolitan Police district. A building is in course of erection in Lambeth which will provide 96 additional sets of quarters with up-to-date accommodation and conveniences; and the erection of another building in Clerkenwell will be commenced next autumn to contain a further 96 sets of similar married quarters.

ENCEPHALITIS LETHARGICA.

Mr. C. WILSON asked the Minister of Health how many cases of, and deaths from, encephalitis lethargica and other forms of encephalitis, or sleepy sickness, or variations of these diseases, have occurred during each of the last five years, the ages of each, and the period which has elapsed between vaccination and death?

Mr. CHAMBERLAIN: A statement giving these particulars is shown below.

As regards the last part of the question, medical practitioners are not required to report the vaccinal condition of persons certified to be suffering from, or to have died from, any of these diseases. Information as to the period which has elapsed between vaccination and death is accordingly available only in regard to the cases which have been brought to the notice of the Committee on Vaccination, in which vaccination has preceded the onset of symptoms of acute disease of the central nervous system within a period of a few weeks.

ENGLAND AND WALES.—Number of Cases notified of, and Deaths registered from, Encephalitis Lethargica, Polio-encephalitis, and Polio-myelitis and Deaths from Encephalitis during the years 1922-1926.

Disease and year.	No. of Cases notified including Port Sanitary Districts.	Deaths registered at following Ages.																		All Ages.									
		Under 1 month.																											
		Under 1 month.	1-3 months.	3-6 months.	6-12 months.	Total under 1 year.	1	2	3	4	Total under 5 years.	5	10	15	20	25	30	35	40		45	50	55	60	65	70	75	80	85
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Encephalitis Lethargica.	454	—	—	—	—	4	4	6	8	6	40	19	29	32	18	18	12	19	31	27	25	24	18	22	4	1	—	—	—
1922	1025	—	—	—	3	6	19	15	15	7	62	39	35	44	31	36	21	42	34	34	46	45	31	21	5	4	—	—	—
1923	5039	—	—	—	22	28	48	39	33	30	178	88	100	150	103	75	60	82	118	111	99	88	78	43	27	4	3	—	—
1924	2635	—	—	—	14	16	40	44	30	22	152	75	89	131	92	70	78	83	96	109	112	105	89	58	21	10	2	—	—
1925	2267	—	—	—	14	18	32	32	29	29	140	81	64	105	88	96	71	82	97	99	118	112	76	60	25	7	3	1	—
Polio-encephalitis.	31	—	—	—	1	3	5	6	1	—	15	3	2	1	2	—	—	—	—	2	1	1	—	—	—	—	—	—	—
1922	57	—	—	—	1	3	7	4	2	2	22	4	5	1	1	2	—	—	1	2	—	—	1	—	—	—	1	—	—
1923	83	—	—	—	1	3	7	4	3	2	21	8	1	2	1	1	—	—	—	—	—	—	—	—	—	—	—	—	—
1924	51	—	—	—	1	5	8	1	7	1	24	4	4	3	1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1925	138	—	—	—	1	7	12	5	4	2	32	12	4	3	1	2	1	2	1	—	—	1	—	—	—	—	—	—	—
Polio-myelitis.	355	—	—	—	10	14	20	11	8	7	60	15	13	4	7	1	3	1	1	—	1	1	2	—	—	—	—	—	—
1922	587	—	—	—	11	11	13	8	8	4	44	9	11	9	1	2	—	—	—	2	1	1	1	1	—	—	—	—	—
1923	777	—	—	—	8	8	17	5	11	8	49	18	19	16	5	2	4	1	2	2	1	1	—	—	—	—	—	—	—
1924	871	—	—	—	3	6	15	12	12	4	49	14	14	16	7	4	2	4	1	2	1	—	—	—	—	1	—	—	—
1925	1,159	—	—	—	8	10	26	17	7	4	64	30	17	25	20	10	1	2	1	3	2	1	—	—	—	—	—	—	—
Encephalitis.	—	2	3	1	10	16	10	9	1	3	39	17	24	32	21	21	16	17	20	24	23	21	10	12	4	6	4	—	—
1922	—	—	3	5	8	16	4	4	3	3	30	22	19	30	27	25	13	13	15	22	19	24	9	12	7	5	5	1	—
1923	—	—	3	3	8	12	8	7	4	4	35	12	22	27	30	7	17	15	28	20	12	16	11	9	3	2	2	1	—
1924	—	—	1	1	3	6	9	2	8	11	43	13	27	27	22	26	22	13	19	21	20	15	7	5	6	6	7	2	—
1925	—	3	2	2	6	13	9	2	8	5	41	21	30	32	33	29	27	22	24	16	23	22	16	7	5	2	3	—	—
1926	—	—	—	—	9	9	12	9	6	5	41	21	30	32	33	29	27	22	24	16	23	22	16	7	5	2	3	—	—

ONE-WAY TRAFFIC.

Lieut.-Colonel MASON asked the Minister of Transport whether he is aware of the grave congestion of traffic at the junction of Hart Street and Shaftesbury Avenue with New Oxford Street; and, in view of the convenient arrangement of bye-streets at this point, will he cause an experiment to be made with one-way traffic?

Colonel ASHLEY: The proposal has already been considered by the London Traffic Advisory Committee, and I understand their view to be that the bye-streets at this point are not in fact convenient for the trial of a "one-way" traffic scheme. Traffic conditions from the Marble Arch through Oxford Street, Holborn and High Holborn are receiving constant investigation, and I trust that ultimately it will be found practicable to effect improvements.

INDUSTRIAL SPIRIT.

Mr. CLAYTON asked the Financial Secretary to the Treasury whether it is the intention of the Government, in removing restrictions, to make it possible to convey duty-free spirit, unmethylated, but to be used for industrial purposes, in tank wagons and by pipe line?

Mr. McNEILL: Clause 12 of the Finance Bill will make it possible to allow under suitable Regulations spirits made or intended to be made into any kind of methylated spirits to be conveyed by tank wagon or pipe line. There is, however, no provision in the Bill under which such methods of conveyance of spirits which are neither methylated nor intended for methylation could be permitted.

STAMP DUTIES (ISSUES OF CAPITAL).

Sir H. COWAN asked the Chancellor of the Exchequer what was the yield in the last financial year of the Stamp Duties on foreign State and company issues of capital on the London money market?

Mr. CHURCHILL: The yield of Stamp Duty on marketable securities liable to duty at the rate of 40s. per cent. amounted in 1926-27 to £875,000. I have

no information to show how much of this duty related to securities issued on the raising of new capital in this country by foreign States and companies.

RECEIPT STAMPS.

Mr. CLUSE asked the Chancellor of the Exchequer whether he is aware that a large number of shopkeepers are refraining from giving receipts for amounts over £2; and what steps he is proposing to take in this matter to prevent defrauding of the Revenue?

Mr. CHURCHILL: I would refer the hon. Member to the reply given to a question asked by the hon. and gallant Member for the Southwark Central Division (Colonel Day) on the 11th November, 1926. I am sending him a copy of that reply.

ANDAMAN ISLANDS (INDIANS).

Mr. J. HUDSON asked the Under-Secretary of State for India whether it is the policy of the Government of India and of His Majesty's Government to throw open the Andaman Islands for free colonisation by Indians; and whether there are any restrictions as to the number taking up residence there?

Earl WINTERTON: The general policy of the Government of India, as explained in their published Resolution of the 27th February, 1926, was one of readiness to receive applications for land in the Andamans from suitable persons. Under the Andaman and Nicobar Islands (Amendment) Regulation, 1927, permits for landing in the Andamans are no longer required, though the Chief Commissioner may prohibit such landing, and licences to reside for periods longer than one month are still, with certain exceptions, required. No limitation has been laid down, so far as I am aware, as to the number of persons who may be allowed to reside in the islands.

PAPER MANUFACTURING WORKS, NEWFOUNDLAND.

Mr. RENNIE SMITH asked the Secretary of State for the Colonies if he can give any information as to the proposed

changes in prospect for the paper manufacturing works at Cornerbrook, Newfoundland; what is the offer which has been made by an American firm; and what is the attitude of His Majesty's Government as one of the guarantors?

Mr. CHURCHILL: Negotiations on this subject are in progress in Newfoundland, and it is not possible at present to make any statement in the matter.

HOUSE OF LORDS.

Sir F. HALL asked the Prime Minister if he will arrange for the issue as a White Paper of a comparison of the outline proposals of the Government for the reconstitution of the House of Lords and the proposals with this object in view which were formulated in 1921 by the Government then responsible?

The PRIME MINISTER: The proposals of 1922 for the reconstitution of the House of Lords have already been presented to Parliament as Command Paper 1715 of 1922. I think it would be pre-

mature at this stage to issue another White Paper.

AFFORESTATION.

Mr. JOHNSTON asked the hon. Member for Monmouth, as representing the Forestry Commissioners, whether he will place in the Library of this House papers in further explication of the statement in the latest Report of the Commissioners that large areas hitherto considered unplantable can now be afforested with success; and whether he can say how many acres of molinia peat lands there are in England and Scotland, respectively, suitable for afforestation?

Sir L. FORESTIER-WALKER: The statement is based on various experiments and investigations into growing woods; these data have not yet been collated for publication, but it is hoped to issue a bulletin on the afforestation of difficult sites. The areas of molinia peat land in England and Scotland have not been surveyed, but they include many thousands of acres on both sides of the border.

ORDERS OF THE DAY.

FINANCE BILL.

Further considered in Committee
[*Progress*, 28th June].

[Mr. JAMES HOPE in the Chair.]

CLAUSE 9.—(*Customs duty on translucent or vitrified pottery.*)

Mr. SNOWDEN: If I may be permitted to do so, I would like to ask the Chancellor of the Exchequer if he will make any statement as to how far he proposes to proceed to-day. There is a number of what I might call minor Amendments on the Order Paper, but there are two or three of major importance. There are the Clauses for dealing with the evasion of Super-tax. I understand that that is a matter in which hon. Members opposite are extremely interested, and I think it would be very undesirable that we should be dealing with these important proposals at a late hour. Therefore, I would ask the Chancellor of the Exchequer whether he has considered that matter, and, if so, has he any statement to make to the Committee?

The CHANCELLOR of the EXCHEQUER (Mr. Churchill): I have been giving consideration to the point which the right hon. Gentleman has raised. Personally, I hold very strongly the view, and have always held it, that we should try to arrange our business to bring on important Debates at times when the fullest publicity can be obtained, and that the crucial issues should be debated on the best occasions. I would, therefore, propose, if the Committee would agree, that when we reach Clause 28 I should move to postpone consideration of Clauses 29 to 34 inclusive, which are the Clauses dealing with Super-tax and its evasion, and that they should be considered after Clause 45. Then we should endeavour to make what progress we could, and, of course, the Government attach the greatest importance to getting as far as Clause 45 to-night. There is really nothing of a controversial character in the various intervening proposals, and a great many are in the nature of technical provisions. That would enable

us to get the discussion of the evasion Clauses on Monday next in the best circumstances, and after that we could deal with the Road Fund. There will be a day for the new Clauses, with regard to which, I understand, it is intended and desired to have a very definite Debate upon the Betting Duty, raising the whole position. I think that is much the best division of our time, and I understand there is no difficulty whatever in the way of precedent for making this Motion. Very often a Motion is made to postpone a Clause to the end of the Bill, but a precedent exists for postponing a Clause or group of Clauses, not to the end of the Bill, but to a particular point of the Bill. I find that in 1908, when I was in charge of the Port of London Bill, I said:

"I am very anxious indeed that the crucial and fundamental Clauses of this Bill, of which, perhaps, Clause 3 is the most important, should be discussed in the House at the best period for publicity and criticism."

I then moved that that Clause should be postponed until after Clause 11 had been considered, to which the House gave its assent. I shall, therefore, propose to repeat that process this evening, and for exactly the same reason, by moving that Clauses 29 to 34 be postponed until after consideration of Clause 45, so that we can begin to debate the important evasion proposals on Monday, if that would be convenient to the Committee.

Mr. SNOWDEN: Of course, it is impossible to say what length of time the discussion to-day may take. It might possibly happen that we might reach the end of Clause 27 about 11 o'clock this evening, and, in that case, it might not be necessary for the Chancellor of the Exchequer to make this Motion then, as we could begin Clause 28 on Monday.

Mr. CHURCHILL: I am afraid that would not do. There is very little in between to cause any trouble at all, but we must get it out of the way if we are to secure the good opportunities for debating evasion, the Road Fund, and the Betting Duty.

The CHAIRMAN: I think I ought to point out what is quite a small technical point, that the proper time to move to postpone Clauses is after the last Clause is disposed of, and in this case that would

[The Chairman.]
be after the Question, "That Clause 28 stand part of the Bill," has been agreed to. Also, under the Rules of the House, it will be necessary in that case to move to postpone each Clause.

Mr. RUNCIMAN: The arrangement which the Chancellor of the Exchequer has described is one which on other occasions might very favourably be adopted. It is, perhaps, the best way of obtaining a full discussion of one of the most important parts of the Bill, and in so far as we can facilitate that procedure, we shall do all that we can to help.

Mr. PETHICK-LAWRENCE: Before we go on to deal with pottery, it might be for the convenience of the Committee if you, Mr. Hope, were to tell us what procedure you propose to adopt with regard to this discussion.

The CHAIRMAN: I propose to call upon the hon. Member to move the first Amendment—to leave out the words "five years" and to insert instead thereof the words "one year." I think it will be convenient, and in accordance with the usual practice, that we should have a general discussion on the Clause on that Amendment. I also propose to call his Amendment—on line 7, to leave out the words "or vitrified pottery." With regard to the Amendment of the hon. Member for Orkney and Shetland (Sir R. Hamilton)—in line 4, to leave out the words "nineteenth day of April," and to insert instead thereof the words "first day of July"—and the Amendment of the hon. Member for West Leicester (Mr. Pethick-Lawrence)—to leave out the words "nineteenth day of April," and to insert instead thereof the words "first day of May"—I am not very favourably disposed towards them. It appears to me that they are more suitable for discussion on the Resolution imposing the duty. I can see that the former would involve repayment of the whole quarter's revenue. The latter would also involve repayment of a very much smaller amount, and I am not very well disposed to accept those two Amendments.

Mr. PETHICK-LAWRENCE: So far as my Amendment is concerned, it is not intended as a destructive Amendment.

It has been put down at the special request of those who are very much interested in this matter. It involves a very small concession, and I had hopes that, after hearing the case I should put forward, the Government would be willing to concede it. I hope, therefore, you will consider whether that particular Amendment could not be allowed.

Mr. HARRIS: I did not intend to press the Amendment standing in the name of the hon. Member for Orkney and Shetland and myself. I was quite prepared to ask you, Mr. Hope, to allow me not to move it, but I feel that the other one is not really controversial and that the hon. Member for Leicester (Mr. Pethick-Lawrence) could justify it.

The CHAIRMAN: It has reference to duties on goods that were coming into the country at the time. I think I will be disposed to accept that, but not the Amendment standing in the names of the hon. Member for Orkney and Shetland and the hon. Member for Bethnal Green (Mr. Harris).

Mr. PETHICK-LAWRENCE: I now beg to move, in Page 5, line 3, to leave out the words "five years" and to insert instead thereof the words "one year."

I am much obliged to you. I think we shall have an important discussion when we come to that point on the Paper. The ostensible object of the Amendment I now move is to limit the period for which this new duty on pottery runs, from five years to a single year, but I understand that, in accordance with your ruling, the Committee will be entitled to discuss the whole question of the Pottery Duties on this Amendment. When the subject was before the House in the form of the Money Resolution on Report, there was one feature of the position of the Government that was very noticeable on this side. It seems very likely that it will be repeated to-day. I refer, of course, to the absence of the Chancellor of the Exchequer, and I venture to ask why it is that the Chancellor of the Exchequer is always absent when these safeguarding duties are under discussion. I venture to supply the answer. The answer is, in my opinion, that he knows too much about these safeguarding proposals. It has been a matter of observation to myself, and I think to other hon. Members,

that it is when the knowledge of the Chancellor of the Exchequer is least that his speeches are the most alluring, at any rate, to hon. Members on the opposite side of the House. We recall his attitude on Monday, on the question of the gold supply, and there are many other occasions which bear out that view.

The CHAIRMAN: I am allowing a general discussion on the Pottery Duty, but not a general discussion on the Chancellor of the Exchequer.

Mr. PETHICK-LAWRENCE: I am very sorry to have offended, but I was only making a slight introduction to what I was going to say with regard to the attitude of the Chancellor of the Exchequer towards the Pottery Duties. That, I think you will admit, is in order. The Chancellor of the Exchequer knows quite well that these safeguarding duties are, in fact, pure and unadulterated Protection, and, although his feet have led him into the Conservative camp, his brain holds him still a Free Trader. If I might use a paraphrase, one might say of him:

"Whose brain rebels against his will
Remains of the same opinion still."

For that reason, he seeks safety by staying away from these Debates, but, although the Chancellor of the Exchequer has gone away, our Debate is to be graced again, as it was before, by the presence of the President of the Board of Trade. The attitude which the President of the Board of Trade takes towards us on this side, on this safeguarding question, is something of this kind: "I am not arguing; I am telling you." The reason that the President of the Board of Trade is not prepared to argue, is because he cannot defend these duties by argument on their merits. The Committee is well aware that the President of the Board of Trade is himself a Protectionist, and he would like to defend these duties on the ground of protection. He cannot do that, however, and the reason is not solely because of the Prime Minister's pledge, but because he knows quite well—probably better than I do—that, if he were to defend these taxes on Protectionist grounds, he would make an additional rift in his party and widen the one which had already developed. But apart from that, why does he not defend this tax as a

safeguarding tax? The reason for that is that that also is impossible, because, by all the tests which the White Paper relating to safeguarding imposes, this particular duty on pottery has failed. That is why, on the last occasion, we had the President of the Board of Trade, instead of defending the new taxes on their merits, coming to us and saying something of this kind: "Have we not done all that we are required to do under the Prime Minister's pledge? We have set up a committee, the committee have come to a decision, and now the House has just got to swallow the decision of the committee." I have slightly paraphrased his words, and have used the words "swallowed a decision of the committee," but I think that is amply justified by the facts.

The committee reported on 8th April. The Chancellor of the Exchequer declared his intention of putting on these taxes in the Budget of 11th April. The only chance that the House or the committee could have had of discussing them was during that week, and, as a matter of fact, they were not discussed until 28th April, and they had already come into force on the 18th. There were only 11 days between the report of the committee and the date on which these duties actually came into operation. Therefore, I think I was right in saying that the position taken up by the President of the Board of Trade is that, if a committee issue a report, then both the Chancellor of the Exchequer and the House must be expected to swallow the findings of that committee, and come to a decision in their favour without any real separate investigation or consideration of the question. The President of the Board of Trade says, "If you do not like that procedure, so far as I am concerned, I am willing to scrap it and have the Chancellor of the Exchequer, in consultation with myself, putting on any duties which we think desirable."

I have already pointed out the reasons which, I think, prevent the Government and the President of the Board of Trade taking that course. The fact is that the procedure of the White Paper contemplates something totally different from what the President of the Board of Trade would have us believe. The procedure there indicated is to the effect

[Mr. Pethick-Lawrence.]

that any application for one of these duties must pass certain tests, and that is not satisfied if you merely have a majority of 21 of a specially appointed committee taking that view. It will only satisfy the required tests if, by competent authorities, a decision of the committee is reviewed and accepted after all the facts have been taken into account. That is particularly true with regard to this question of pottery.

Anyone who has gone in detail into the evidence brought before that committee, and has read the report, cannot fail to observe that, as a matter of fact, the findings were entirely contrary to the evidence. If the Chancellor of the Exchequer had fulfilled his duty, and allowed a little time to elapse between the report and coming to the decision, and also allowed the House time to examine the facts, they would come to the view which I have already given. But when the subject was before the House on the Report of the Money Resolution, we on this side went in great detail into the way in which these duties conflict with the test imposed by the White Paper.

So far as I am concerned, I have no intention of repeating the details which I and other Members, both above and below the Gangway, gave on that occasion. I propose to confine myself to two main points. The first point is this, that the articles which these duties propose to tax are not, in the main, in competition with the articles which it is hoped thereby to protect. They are in competition with different articles, the manufacturers of which do not ask for protection at all. The articles which it is suggested that these duties are imposed to protect, are broadly summed up in what is known as Longton china. If the Committee goes into the facts with regard to the sale of Longton china at the present time, they will discover that, since the War, the producers of Longton china have chosen to make of their industry a luxury trade. While the cost of labour in that trade has gone up about 80 per cent., and while many of the raw materials have gone up by about the same extent, and all except one of them have gone up by less than 100 per cent., the prices charged to the consumers of Longton china are, according to the manu-

facturers' own admission, not less than 125 per cent. above pre-War. Those who have gone into it will agree that, in many cases, they are much more than that, and are 150, 175 and even 200 per cent. above pre-War.

It stands to reason that people in these days are not prepared to pay twice or three times what they were asked to pay before the War, when they can obtain other articles which for their purposes are just as good, and which they can obtain at a very much lower rate. These cheaper articles come in from abroad in the form of felspar china and are manufactured at home in the form of earthenware. People can obtain articles of felspar china or earthenware for something like one-third the price they are expected to pay for Longton china. It has been alleged by those who defend this duty that the reason why these articles of bone china, Longton china, are so much dearer than articles of felspar china, on which it is proposed to put the duty, is that the wages paid abroad are much lower than the wages paid here. I believe that was the ground on which the majority of the Committee came to their findings; but the wages question has little or nothing to do with the discrepancy in prices. The articles of Longton china are so immeasurably dearer than articles of felspar china that even if you were to wipe off the whole of that part of the production of this home article which is due to wages, you would not bring the price down to anything like the price of the foreign imported article. On that point, I will quote the remarks made by the counsel against this duty, at the examination. He said:

"If you take the cheapest factory making bone china in Longton, of which we have heard anything, and if every individual in it, from the managing director down to the youngest operative, including the commercial travellers, worked free and for nothing, the cost of bone china"—

that is, Longton china—

would still be greater and in some cases twice as dear as the cost of a similar article in felspar china made in Germany."

I would remind the Committee that that statement was upheld by the Chairman of the Committee, who ultimately agreed to the imposition of the duty. He said:

"Taking the figures given to us for Canada, and working them out in one's head, I think that that is so."

Therefore, as a matter of fact this pretence that the duty is being imposed upon foreign imported china in order to countervail the difference in wages is exploded, because even if the British workers worked for no wages they still would not be able to compete with this foreign-imported article. The real competition is not between the felspar china which comes from abroad and the Longton china manufactured in this country, but between the felspar china which comes from abroad and the earthenware which is manufactured in this country, and the important fact has to be realised that the earthenware manufacturers in this country did not ask for protection and did not appear before the Committee. I do not know exactly the reason for taking that view, but I can only suppose that they thought that protection in respect of the importation of felspar china would injure the earthenware manufacturers' trade either by injuring the home market or by injuring their chance of getting trade by exports.

We who oppose this duty have nothing to say against the excellence of the Longton china. We realise that Longton china consists of some of the most beautifully manufactured china in the world, and that it rightly holds a very honoured place, but if it is to be produced in anything like the way as at present it is bound to have a limited market. It is open to the manufacturers themselves to decide whether they will cater solely for the market of the rich or whether they will cater for the market of the rich and the middle classes. The policy which they have adopted by forming a ring and keeping up prices has had the effect of restricting their own market. That is not our business. If they choose to take that course they are entitled to do so, but they are not entitled to make that an excuse for interfering with the table necessities of the working people of this country. That brings me to my second point, and that is, the repressive character of the duty which it is now proposed to impose. The position in regard to this duty is that the larger the cup the greater is the tax, and not merely the greater in proportion to its actual value. This tax is put on weight. The cups, saucers and table-ware generally used by the working classes are thicker and heavier than the better

material; therefore the people who use these articles have to pay a duty which is not merely greater *ad valorem*, but actually greater per piece than the duty on the better material. In fact, on the cups and saucers and plates that are bought, say, by the labourers in this country the duty works out at something from 70 to 100 per cent., whereas on the thin and beautiful china of the best quality it gets down to below 10 per cent., and I believe I am right in saying that it gets down to as low as 2 or 3 per cent.

It is only by adding together the article worth several pounds, which is taxed two or three per cent., with thousands of articles of the cheap kind which are taxed 70 to 100 per cent., that the figure of 28 shillings per cwt. is said to average 33½ per cent. There is a great danger in taking averages in this way. I am reminded of the story of a man who went to dine at an inn and was given what the innkeeper told him was rabbit pie. When he came to eat the pie he found in it parts that did not belong to a rabbit, and he came to the conclusion that he had been put off partly with horse pie instead of rabbit pie. He went to the innkeeper afterwards and complained. The innkeeper admitted that there had been horse in the pie as well as rabbit, but he added: "Never mind, at any rate it is horse and rabbit pie fifty-fifty." "What do you mean by fifty-fifty?" asked the man. "One horse and one rabbit" replied the innkeeper. That illustrates the danger of averages. It is said that the 28 shillings per cent. duty is really the equivalent of 30 per cent. *ad valorem* for practical purposes, but so far as the working people of this country are concerned, and they will have to pay the great bulk of this tax, that is a pure snare and delusion. As a matter of fact, they are being asked to pay 50, 60 or 70 per cent. on the kind of materials which they actually have to use, and it is only by introducing the lower percentages on the high value articles that the average can be brought down.

What are the effects that are likely to arise from this taxation? It will have practically no effect upon the industries in Longton. I do not believe that there are any grounds for thinking that this taxation will beneficially affect the Longton manufacturers. What will be the

[Mr. Pehick-Lawrence.]

effect upon the consumers? It will add to the tax on sugar, a tax on the sugar basin. It will add to the tax on tea a tax on the teapot. The other day, the Chancellor of the Exchequer defended the tax on motor tyres on the ground of symmetry. I suppose, on that principle, this duty will be defended on the ground that it makes the breakfast table taxes symmetrical; because it taxes the crockery materials on the table as well as the food which is eaten from them. The effect will be that the poorer classes will buy fewer of these articles. When a cup is chipped they will continue to use it, and when a plate is cracked it will have to remain part of the household utensils. This taxation will involve maintaining a chipped cup and a cracked plate. That will not only be bad for the people who have to eat from these utensils but it will be bad—this will appeal to hon. Members opposite—for trade. If goods are cheap and when they get a little injured they can be replaced without much cost, people will go on buying. That is largely the cause of the prosperity in the United States. People can buy cheaply and usually they more quickly discard things which are a little worn out and buy new ones. This policy of taxing the imports of cheap crockery will have the effect of raising the price of these simple household utensils and will make people buy less, and because it will make people buy less it will be bad for the earthenware trade of this country. That, no doubt, is one of the reasons why the earthenware manufacturers did not appear before the committee and ask for the duty.

I ask the Committee to accept this Amendment because I do not believe this duty will bring prosperity to the china trade at Longton but rather that it will bolster up that industry in making their trade a luxury trade, because it will bring added hardship to the working people of this country, and because it is a tax which increases with the poverty of the people who have to buy. That being so, we on this side will vote for the Amendment to limit the evil effects of the proposed taxation.

Sir ROBERT HAMILTON: The more one considers this proposed taxation the less justification one can see for it. There are various points from which the

tax can be criticised, but I propose to confine my remarks more particularly to the way in which the tax is imposed. It is suggested that the tax should be imposed on weight. When that is worked out, it is perfectly obvious that the result is something quite different from that which the Committee intended. The Committee said that they intended to impose a tax of about 33½ per cent., but in practice we find that in applying their manner of taxation by weight the tax goes up to anything from 40, 50, 60, 70 to 100 per cent., and that in proportion as the articles become cheaper. The more expensive article bears less of the tax, while the cheaper article bears the higher proportion of the tax.

I should like to ask the President of the Board of Trade if he intends to attempt to justify the imposition of the tax in this manner. Is he going to argue that this manner of imposing the duty does, in fact, result in a duty of 33½ per cent? I ask the right hon. Gentleman does this method of imposing the duty work out in practice in the way in which the Committee suggested it would work out?

The PRESIDENT of the BOARD of TRADE (Sir Philip Cunliffe-Lister): I will deal with that point in my reply.

Sir R. HAMILTON: We shall be very pleased to hear the arguments of the President of the Board of Trade, because in all the figures supplied by anyone connected with the trade it is obvious that this is not the case. The most conservative figures, taken over a large area, show that it will be a duty of 60 per cent. rather than 33½ per cent., and, if it be intended that the duty should work out at merely 33½ per cent., the method of imposing the duty should be modified. It does seem to me most extraordinary that, when it is desired to put on a protective tax of this character, it should be put on according to the weight of the goods, especially when we are dealing with a class of goods like china and when we know that the highest quality of finished article is the lightest and that it is obvious that the duty must fall with a very heavy weight on the cheap article. Therefore, the imposition of this duty will put a heavy burden on the poorest class of the community. You cannot get away from it that the highly-finished article bought as a luxury in Bond Street

pays an infinitesimal tax, while the cheap jug, the cheap mug and the cheap cup will bear a heavy tax running to 50, 60 and 70 per cent. I really think this is one of the most extraordinary examples of all the extraordinary examples we have had in this White Paper, and the Board of Trade have given us no justification for imposing the duty according to this method. There is no justification to be found for an arrangement according to which the cheapest article bears the heaviest burden of taxation, and it cannot be too widely known that this is not a 33½ per cent. duty. It is infinitely more than 33½ per cent. I ask the President of the Board of Trade if it is intended to impose a heavier duty than the Committee recommended. The Committee recommended a 33½ per cent. duty, but, as I say, it will work out at infinitely more than 33½ per cent. if the duty is imposed on the weight of the article. It will work out at twice or three times as much as the Committee themselves recommend.

Sir P. CUNLIFFE-LISTER: The case against this Clause is founded upon two grounds. The first which was advanced by the hon. Member for West Leicester (Mr. Pethick-Lawrence) was that it does not comply with the conditions of the White Paper. He said that, having detailed the arguments on a former occasion, he did not propose to repeat them. But as he has made that general charge I want to reply generally to the charge, because I equally replied at some length on the last occasion on which we discussed this Clause. The conditions of the safeguarding procedure laid down in the White Paper have been complied with by the Committee. No one will deny that the industry is one of substantial importance—it employs 7,200 people. The imports of pottery have grown rapidly during the last six years and now exceed the average for pre-War years. The imported article is sold at prices at which it is not possible to produce similar articles in this country, and the Committee found that the wages paid in Germany and Czechoslovakia are lower than in this country. The second ground on which the case against this Clause is founded is that the imports of china are not excessive. The Committee showed in their Report that imports were excessive at the time of their Report, and

they have since increased. On the last occasion, we had a most interesting demonstration by the hon. Member for Bethnal Green (Mr. Harris) who produced a series of plates and cups, and I myself was also armed with a similar battery, and I defied any Member of this Committee to distinguish between felspar and bone china. There is a different process employed in the manufacture of these two kinds of china, and there is a difference in the component materials, but it is not that kind of scientific analysis which determines people when things are similar in appearance when they see them on the shop counter to purchase one or the other. The ordinary purchaser is content to buy what pleases him—

Notice taken that 40 Members were not present; Committee counted, and 40 Members being present—

Sir P. CUNLIFFE-LISTER: That is the real test of competition which any practical person will apply. [**HON. MEMBER:** "That is no reason why poor people should be taxed!"] I am dealing with the point raised by the minor Opposition. I now come to the charge made by the hon. Member for West Leicester with regard to the question of the volume of imports. Now there, the case is plain. Production in the home industry has been going down, and it would have been still lower were it not for the preference given to it in certain Empire countries which enabled us to do a trade which otherwise we would have been handicapped in doing. According to page 9 of the Report of the Committee, the home production of Longton china was in 1913, 1920 and 1921 considerably higher than it is at the present time. The estimated net imports of chinaware averaged 300,342 cwts. from 1909-1913. In 1913, the imports amounted to 341,511 cwts. The imports decreased in the years 1920 to 1925, but in 1926 they amounted to 365,131 cwts. I will bring the figures more up to date. The importation in the earlier months of this year showed, again, a progressive increase. It was 39,000 cwts. in January, 33,000 in February, 46,000 in March and 49,000 in April. Then it dropped owing to the duty.

Sir R. HAMILTON: Does that include earthenware?

Sir P. CUNLIFFE-LISTER: No. It follows the same classification that is adopted in the table owing to the difficulty of separating china from earthenware. The figures I am giving now are strictly comparable with the table set out on page 9. Therefore, when you come to the volume of competition, you will find that the imports are progressively greater while the home production is diminishing. That is one of the cardinal facts you must consider in regard to the White Paper in considering whether the conditions of the Committee are being carried out. On that, I think there is no dispute. The wages in Germany and Czechoslovakia are very much lower than the wages in this country. They are set out in page 14 of the Report. The average rates of wages for men and women employed in the china section of the industry in this country are about £3 9s. 9d. and £1 12s. 9d. per week, respectively, for a full 47-hour week. The average hourly rates are 1s. 5⁸/₁₂d. for men and 8³/₆d. for women. It was asserted by the applicants that the wages in Germany for skilled men were between 8¹/₂d. per hour in the case of time-workers and 10d. per hour for piece-workers. In Czechoslovakia the wages are lower still. Wages in both of these countries are about 50 per cent. of the cost, but the hon. Member says that because some of the raw material is cheaper abroad than in this country it is still more difficult for this country to compete with them. That is an argument to which I cannot for a moment assent, because if you really consider that the standard of wages is lower in the competing countries than here it makes the case for a duty stronger and not weaker. I should have thought, therefore, that the case was abundantly made out in the White Paper. Another construction which has been advanced upon the White Paper is whether you are likely to cause injury to any other industry in this country. It has been sometimes debated at length in this House that the finished article is more properly subject to duty than a partly manufactured article connected with some other industry. Now here is an article which is a finished one and cannot enter into any other industry unless you say that it is the raw material of a hotel keeper so far as he keeps table ware on his table.

I submit that on all these grounds there is a clear case made out in favour of this industry, and I am glad to say that even though the duty has been in operation a short time only, so far from it being clear that no help can be expected from the duty by the industry, I understand that manufacturers are getting inquiries of a kind which they have not experienced for years past. Then it is said you ought not to impose a duty because there was a ring in this industry. The allegation is very easy to make, but this happens to be an industry in which employers and workers are most closely related and have a general industrial council in which every difficulty is treated in common and thrashed out in common. But the charge of a ring was made to the Committee and that Committee said:

"We are aware that there is some agreement among the English bone-china makers which includes the fixing of minimum selling prices, but owing to the numerous graduations of quality and the large sale of 'Seconds,' it is clear that nothing in the nature of 'ring' prices exist."

I prefer the considered judgment to the statement of the right hon. Gentleman. I submit on these grounds there is a complete answer to the complaint that a case has not been made out under the White Paper. I say that the case for the duty is made out under the whole of the White Paper and I am sure—I have said this before and I adhere to it—it is wholly unreasonable to strain the meaning of the White Paper against the imposition of the duty. If the right hon. Member for Colne Valley (Mr. Snowden) would consider the matter impartially, the one charge he simply cannot make against the Government is that they do not impose strict conditions. These conditions are a very stiff interpretation of the Prime Minister's pledge. If the stringent conditions of the White Paper are satisfied, we plainly are guilty of a gross breach of the Prime Minister's pledge if we refrain from inviting the House to impose the duty. The hon. Gentleman the Member for Orkney and Shetland (Sir R. Hamilton) dealt with another ground. He said, "I accept what has been said by the other speakers as to reasons why you should not impose a duty." Then he said, "You are going to impose a duty of 28s. a cwt., and you ought to

impose the duty which the Committee recommended." The Committee did recommend a duty of 28s. a cwt. The Committee says:

"We have consequently considered the possibility of a specific duty and have come to the conclusion that the duty of 28s. per cwt. would be approximately equal to an *ad valorem* duty of 33½ per cent. on the main classes of pottery to which the application relates."

The hon. Member said that as between the two duties that they would prefer to have a specific duty rather than an *ad valorem* duty which might press hardly upon grades of china in which competition was not severe. The Government were meeting the convenience of the importers by this duty. This hon. Gentleman says a specific duty is wrong, and that you must not put on this particular specific duty because it works out too high. Any specific duty that is imposed must in some cases be below and in some cases above, but I have carefully examined the matter, and about as good an example as I can take of what this duty in fact does is the example of a sample produced by the London Chamber of Commerce. It was a 975 cwt. consignment. It was a sample produced by a gentleman who was a principal witness on behalf of the opponents. He claimed that the comparison which has been given has been a comparison of duty on the works' costs of some foreign firm. But the 33½ per cent. duty will not be levied upon the figure equal to the cost at the foreign works. The *ad valorem* duty will be levied as at home on the c.i.f. value of the cost which of course has a figure of some thing like one-third on the works cost. As a matter of fact, taking that particular sample which was produced, we found that it worked out on the average that the c.i.f. value would be £3,981 on 975 cwt., and for a duty of 28s. a cwt. it would be £1,365, which was just a little over 34 per cent. on the c.i.f. value. That is a pretty good test. In another case which was taken, one finds that with cups and saucers where prices varied from 4s. 2d. to 5s. 3d. per dozen with 28s. a cwt. it worked out at 1s. 6d. a dozen, and the duty would range from 36 per cent. on cups and saucers at 4s. 2d. a dozen to 28 per cent. on cups and saucers at 5s. 4½d. a dozen. Those are pretty good general test cases, but there was one case raised on the last occasion

by the right hon. Gentleman the Member for Spen Valley (Sir J. Simon), who produced a specific example of a plate of a tea-set from Woolworths, and said this would be a perfectly enormous duty and that it would work out at exactly 50 per cent. The particular set he quoted was to cost 3s. 11½d. each. This is a specific case. I do not pretend to trace the cost of the set, but I am told that whatever may be the price at which Woolworths are buying, there is a plate sold by them at 9s. to-day so that whatever the rate of duty on the cost price, it works out instead of 50 per cent. least than 18 per cent. If that is the best kind of case that can be made out against this duty, I do not think it is a very substantial case, and therefore I ask the Committee to stand by the proposal that the duty of 28s. a cwt. should be taken as a fair and reasonable equivalent of the duty of 33½ per cent. on the c.i.f. value. If you had a duty which is at once a specific duty and an *ad valorem* duty, and you now charge the one and now the other, that would involve the Customs in difficulties over mixed consignments in order to decide on which the duty should be paid. That would make matters worse.

Mr. SNOWDEN: The right hon. Gentleman is always interesting and his innocence is rather captivating as is also his simplicity. I have never listened to a right hon. Gentleman whose speeches were always so wholly packed with fallacies. I am wondering whether he has convinced himself of the truth and accuracy of the arguments he puts forward. He is trying to justify this duty on the ground that the recommendation of the Committee justifies it on each of the five heads of the White Paper. He claimed that nothing could be fairer than the conditions laid down by the Government for this Committee's investigations. We are not now complaining about the terms of the White Paper; we are complaining that the terms of the White Paper and the Terms of Reference of the Committee were wholly ignored by the Committee itself. We are, therefore, not bound to accept the recommendations of the Committee or its views. I am not aware of a case—there

5.0 p.m. may be a case, but I am not aware of it—where a Committee has recommended the imposition

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of a duty, and the Board of Trade has not accepted the recommendation. But the circumstances in which this Committee submitted its Report, the recommendations of which were accepted by the Board of Trade and incorporated in this year's Finance Bill, constitute little less than a scandal. A day or two after this Report had been published, the Chancellor of the Exchequer announced in his Budget speech that he was proposing to include the recommendations in the Finance Bill. I will do the Chancellor of the Exchequer the justice to say that he made that announcement in his most contemptuous manner. He made no comment on it, except by the scornful tone of his words. He simply announced that this duty would be imposed. In fact, as my hon. Friend the Member for West Leicester (Mr. Pethick-Lawrence) pointed out, the Chancellor of the Exchequer has never been here, heard either by word of mouth or by his presence, to support this Resolution, but he has left the case to the President of the Board of Trade, and that gives further support to the impression we have, which is derived from the manner of the announcement by which the Chancellor of the Exchequer proposed the imposition of these duties. They are, of course, purely protectionist in their action.

The President of the Board of Trade went through the five heads of the Terms of Reference to the Committee which are embodied in the White Paper, and tried to prove that this duty had been justified under each of those five headings. I am not prepared to dispute the statement, and it is a matter of no relevance to this duty, that this industry is one of substantial importance. Of course the word "substantial" is very vague and indefinite, but we will not waste time in discussing that first point. Then we get to the second point, as to whether this duty was justified on the ground that there had been an increase in imports of a competitive character. I listened to the President of the Board of Trade when he was attempting to go through that part of the Committee's recommendations. Nothing could be plainer than the fact that there has been no increase in imports of a competitive character. The President of the Board of Trade

called attention to some figures which appear, I think, on page 9 of the Committee's Report.

I do not know if members of the Committee have got the Report of that Committee in their hands, but if they have they will see that the figures there laid down are figures giving the imports of chinaware from 1909 to 1926, and that from 1909, with one single exception—the year 1926—there has been a progressive decline in the imports of chinaware. In 1909 to 1913 the average net imports of chinaware are stated to be 30,626 cwts., and those figures then drop—the War figures, when the circumstances were quite abnormal are excluded—to a figure of 20,000 odd in 1920, then 10,000 odd in 1921, 10,000 odd in 1922, 11,000 odd in 1923, 10,000 odd in 1924, and 5,000 odd in 1925. "Ah, but," says the President of the Board of Trade, "look at the figures for 1926." Yes, the figures for 1926 are 109,000 odd cwt. But it might interest the Committee to remember that the right hon. Gentleman the President of the Board of Trade has always warned the House of Commons not to accept these figures at their face value, because the year 1926 was an abnormal year.

The explanation, of course, is that, after 10 years of progressive decline in imports, and of a progressive decline in the severity of foreign competition, there was an increase of imports in 1926, because the importers of foreign manufactured goods knew that this duty was intended. The Committee had been set up and they knew the constitution of this Committee. They knew the scandalous composition of this Committee. They knew that, like nearly every other previous Committee, that Committee had been packed by the President of the Board of Trade, by two out-and-out pronounced, rabid, and violent Protectionists, and that, whatever the facts might have been, everybody knew what the recommendations of the Committee would be. Therefore, importers took advantage of the interval between that time and the coming into force of this duty, to rush into this country as many goods as possible. That is the explanation of the rise last year. If it had not been for the appointment of this Committee by the President of the Board of Trade, it is perfectly certain from the evidence and from the experience that we have seen for the last

10 years, that the imports last year would have shown a further decline. Therefore, the case under that heading is not made out. There has been no abnormal increase, of the imports of a competitive kind. On the contrary, there has been an annual decline. That is supported not only by figures but by the evidence of the only business man upon this Committee, a man who is fully acquainted with the industry, and who says in his report:

"I am not satisfied, however, that translucent table-ware is being imported into this country in abnormal quantities."

"Although there may not have been an abnormal increase in the import of translucent china," the President of the Board of Trade says, "there has been an increase in the import of the competitive article which serve the same purpose." The right hon. Gentleman is wrong there, if he looks at his own figures. Take the table on page 9. There you have the heading, "Estimated net Imports of Chinaware included in Earthenware." In 1913 the figure was 311,583 cwts. In 1922 that had fallen to 190,678. In 1925 it was 287,476. Last year included the large supplies of exceptional imports of chinaware. The table says, under the heading, "Net Imports of Chinaware," that in 1926 the net imports of chinaware were 109,370 cwts. The net imports of chinaware, including earthenware—

Sir P. J. CUNLIFFE-LISTER: The table says, "included in earthenware."

Mr. SNOWDEN: I do not understand the right hon. Gentleman's interruption.

Sir P. CUNLIFFE-LISTER: It is common ground, as everybody has known for a long time, that there have been a great many imports of what was really china, but the figures of which were included in the return as earthenware.

Mr. SNOWDEN: That is not material to my point at all. Figures are my case, and not any explanation of the President of the Board of Trade. Here are the figures—in 1913, 311,000 cwts., and in 1926, 255,000 cwts. Certainly those figures do not justify the claim that there has been an increase in imports in recent years, but, on the contrary, they show that there has been a

constant decline. Therefore, under that heading the case for this duty has not been proved.

Then the right hon. Gentleman went on to deal with wages. It is, of course, quite impossible to make accurate deductions if you take only the rates of wages in one country, and compare those rates with the rates of wages in another country. If you are going to get at the real facts you must take a great many other factors into consideration, such as the general standard of living in a country. There may be a country where what seems a low wage compared with the wage in this country really represents a high wage on account of the different standard of living, and there may be a country where an apparent high wage really represents a low wage, compared with the wage in this country. The Committee, on this point, do not appear to be very certain as to whether there is much difference in the wages as between this country and the countries which compete with us in this market, but they do state one very important and pertinent fact, and that is given on page 11, about the middle of this Report. We are dealing here really with the matter of the cost of production, and methods of manufacture are most important in this connection. Here is one of the most significant sentences in the Committee's Report. It is to be found about the middle of page 11, and it reads as follows:

"They stated, by way of example, that in Czechoslovakia one skilled workman with thirteen assistants could turn out by means of automatic machinery 4,800 pieces per day as against about 360 in this country made by one man by ordinary hand methods."

There we have the fact—4,800 pieces a day compared with 360 in this country made by one man. It is not a question of wages. You cannot possibly take away the competitive advantage of a country which has adopted that method of production.

Mr. HERBERT WILLIAMS: May I ask the right hon. Gentleman if he has done the arithmetic?

Mr. SNOWDEN: I leave it to the Tariff Reformers to do the arithmetic. There is a sentence somewhere else in the Committee's Report; it is to be

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found in paragraph 35. It gives the wages in the china section of the industry, then the wages in Germany and I think in Czecho-Slovakia, but it does not say that the wages in Germany are wages for the same class of work as the wages given in the china section in this country. We may assume that the wages in the china section, which is the highest class of pottery industry, are higher than the general rate of wages in the pottery trade. The Committee, as I have said, have gone altogether outside their terms of reference. They were to consider the question of the imposition of an import duty on tableware of translucent pottery, but they did not confine their investigations to that nor did they confine their recommendations to that. Without warrant, and without application from this particular section of the trade, they went out of their way to recommend an import duty on a class of pottery which they were never asked to consider.

There is one other important matter in this Report. The President of the Board of Trade is very anxious, indeed, to conform strictly to the terms of the White Paper, and the White Paper says that there must be an application from the industry. What is the industry? According to the President of the Board of Trade the industry is the employing section of the industry. What was the main justification put forward by the Government for this procedure? It was the question of employment. These Safeguarding Duties were to be imposed in order to increase the volume of employment in the particular industry. That is a matter in which the operatives are deeply interested. But they were not a party to this inquiry or to the application for this duty. The right hon. Gentleman said that the relations between the employers and workmen in the pottery trade were very intimate, and if the state of the industry was such as to need a protective duty, and a high protective duty, why were not the operatives a party to this application? It is very significant that there is no reference in their Report to the fact that the operatives were not a party to the application.

Brigadier-General Sir HENRY CROFT: They were not opposed to it.

Mr. SNOWDEN: They were not a party to it. If they had been anxious to see such a duty imposed in their interests, for an improvement of their wages, they certainly would have been a party to the application. Just a word on another matter which was dealt with by the right hon. Gentleman in his concluding remarks. He attempted to deal with the case against a specific duty put forward by the hon. Member for Orkney and Shetland (Sir R. Hamilton) and I do not think there was even an hon. Member opposite who considered that the President had made any reply to that case. I have had some figures supplied to me. The President says he has had some figures supplied to him. I believe the figures which have been supplied to me are quite as accurate as those which have been supplied to the right hon. Gentleman. They give the price of a consignment of cups and saucers. The President took the number of crates as the basis, and I will do the same. This was a shipment of 13 crates of cups and saucers, weighing 2 tons 7 cwt. 3 qrs., and the value was £87 10s. 6d. The duty charged upon that consignment was £66 17s. Hon. Members opposite are good at arithmetic and, as it is one of my weak points, I will leave it to them to work out the percentage of the duty in that case.

Lieut.-Colonel LAMBERT WARD: Can the right hon. Gentleman guarantee that the invoice was correct?

Mr. SNOWDEN: I am quite ready to accept these figures as being as correct as the figures given to the President of the Board of Trade, and which went unchallenged by the hon. and gallant Member. A duty of £66 17s. on a consignment of the value of £87 10s. 6d. is not a duty of 33½ per cent., but a duty of somewhere between 60 and 70 per cent.; and the applicants never asked for such a duty at all. Therefore, in two respects the Committee's recommendations have gone beyond what they were asked to do, and what the trade itself asked them to do. They have given them an average protective duty nearly double the figure for which they asked, and they have also given a high protective duty which a large part of the industry neither asked nor expected. The President of the Board of Trade, without a single excep-

tion, has accepted all the recommendations of this Committee, even when those recommendations were carried by a majority of only one vote.

I protest, as we protested at the time when the White Paper was before the House of Commons, against a question of national policy, which is a matter of acute division between political parties, being determined by one outside person. As a matter of fact, this question has been decided by Lady Askwith, and by nobody else. During the whole of the Committee's deliberations she was obviously a biased and prejudiced party. This recommendation was carried by one vote only, and, therefore, if you set off the vote of the chairman against that of Mr. Hayhurst you have only Lady Askwith left. Therefore, this Report is the Report of Lady Askwith, and the House of Commons this afternoon is not being asked to approve proposals of the Board of Trade or of the Government but to say that in fiscal matters, in trade matters, it is under the dictatorship of Lady Askwith.

Sir H. CROFT: The speech of the right hon. Gentleman has been very interesting, but I must at the outset take exception to his remarks concerning a member of the Committee—Lady Askwith. I have been associated with Lady Askwith for a good many years in connection with other questions, and I am quite safe in telling the right hon. Gentleman that Lady Askwith, who is a descendant of Sir Robert Peel and Lord John Russell, has been a Free Trader all her life, and until a few years ago she used to look very sadly at me when I advanced any of my fiscal arguments. For the right hon. Gentleman, without any knowledge, to say that this lady is biased is not quite fair, and I hope he will withdraw his insinuations.

Mr. HARRIS: Is she is Free Trader now?

Sir H. CROFT: She has sat on two or three Committees hearing evidence and she may not be a Free Trader now. That is very likely. The right hon. Gentleman says that all these questions are decided by one vote. May I remind him that there are only three members on the Committee, and that after all it is not Lady Askwith who decides these questions but Parliament, although the

Liberal party, judging from the state of the Liberal Benches, does not seem to take much interest in this matter.

Mr. ERNEST BROWN: Look behind you!

Sir H. CROFT: But I have always regarded this as the one remaining rag left to the Liberal party, and I am surprised that they show such little interest in it. I think it is only fair to consider the opinions of the third member of the Committee. It shows the impartiality of the President of the Board of Trade. This gentleman—Mr. Hayhurst—represents the co-operative movement, and is not a business man in the sense of being a producer. He is a commercial agent for the co-operative institution.

Mr. SNOWDEN: Mr. Hayhurst is a director of one of the largest distributing organisations in this country, an organisation which, I believe, is responsible for a trade between £150,000,000 and £200,000,000 a year. He is also a director of a pottery, and a very successful pottery.

Sir H. CROFT: I am sure the right hon. Gentleman is quite accurate in saying that Mr. Hayhurst is a director of one of the largest distributing businesses in this country, and I am interested to hear that he is a director of a pottery. I can only regret that he only went to see one pottery, a co-operative pottery, and that he did not visit others. The right hon. Gentleman in making his case endeavoured to prove that there was no considerable increase in the imports of pottery into this country, and he said that the large increase of last year was only due to the fact that people abroad were getting nervous as to the possibility of an import duty being imposed and therefore increased their imports. Does he apply that same argument to British production? It has steadily fallen in the last 15 years, and it is inconceivable you can consider the case without putting the two facts together. May I be allowed to give the right hon. Gentleman the total value of the imports in those industries in 1924 in 1925 and in 1926. In 1924 the round figures were £8,500,000. In 1925 they had risen to £9,840,000 and in 1926 to £11,297,000. The right hon. Gentleman's greatest desire, I am sure, is to see our people employed. Does he not

[Sir H. Croft.]

think that these increases are staggering, when we take account of the fact that our home production at the same time has decreased as is shown in the table in the White Paper?

The right hon. Gentleman tried to make a point in regard to wages, and he said that we must consider other matters as well. He went into a calculation which, I think, showed conclusively that the British worker is more efficient than his foreign competitors. There is, therefore, all the more reason that, with such efficiency, we should not permit him to be undersold by those who are working at a wage level like that referred to in the White Paper. The hon. Member for West Leicester (Mr. Pethick-Lawrence) made a very interesting speech, but I hope he realises that his own constituents at the present time are very anxious. In the industry with which his constituency is principally concerned there is a demand from employers and employed. Both, I think, are approaching him with a view to some help being given in the matter of hosiery. When he told us that the working classes pay the whole duty on these imported goods, I think he was wrong. I have never been one of those who contend that any kind of protection is going to reduce the price of the article. I do not think that follows, though I also think that it is possible, with the greater security of the duty and a reduction of overhead charges by mass production, to produce an article which is cheaper. That has happened in some industries which have been protected under the McKenna Duties or the Safeguarding of Industries Act. But when the hon. Gentleman deliberately says that the working classes will pay the whole duty, he is going contrary to the experience which we have had in connection with every single duty imposed in this country.

It is a pity that fears such as this should be raised, because they have been proved false in every other case. The hon. Member might have been justified in saying that part of this duty may ultimately be borne by the consumer, but he was stretching his advocacy a little when he suggested that the whole of the duty would be paid in that way. In practically every case of articles pro-

tected by the present Government under these Measures, the price has not been increased to the working classes. The hon. Member then went on to say that this duty was going to be bad for the trade. I think he will admit that if it were bad for the trade those who are principally involved financially in the industry would not have asked for this security.

Mr. PETHICK-LAWRENCE: What I said was that it is going to be bad for the earthenware trade and that the members of that trade were not parties to this application.

Sir H. CROFT: I am rather at a loss to see how it can be bad for the earthenware trade unless the protected trade is so successful that, in fact, the duty will do what the hon. Gentleman has told us it will not do, namely, reduce the price so as to compete with earthenware. The curious thing is that the right hon. Gentleman the Member for Colne Valley (Mr. Snowden) spoke on behalf of the workers just now. I am surprised that the hon. Member for Hanley (Mr. Clowes) or some of the other Socialist representatives from the pottery districts are not here to say that the workers in the industry are opposed to the duty. That would carry more conviction. All I can say is that the fact that an hon. Member opposite sought to count out the Committee seems to show there is not any very considerable interest against these proposals on the benches opposite, and perhaps that explains why so many members of the party opposite have gone down to the country to play bowls this afternoon. The hon. Member for West Leicester also referred to the wages question, and I think on that point he must find himself in conflict with the majority of his party. He will not deny that the differences in wage values between the pottery industry in this country and Czechoslovakia or Germany are considerable. I think I am right in saying that our lowest wages are higher than the highest in Czechoslovakia.

If that be anything like the case, have we not arrived at the situation contemplated by the official Opposition when they laid down the policy—which has never been repudiated—that if goods were being imported into this country

produced on lower wages or longer hours than those prevailing in this country, then they were in favour not merely of a tariff but of prohibition? How is it that the hon. Member goes counter to this view, endorsed, as it was, by over 1,000,000 of a card vote at the Trade Union Conference this year? He deliberately says that British workers ought to be subjected to the competition of a wage level which, if imposed in this country, would be regarded as sweating by every hon. Member opposite. There was an interesting Debate two days ago on the question of matches, and an hon. Gentleman who speaks for the co-operative movement in this House boasted that the co-operative movement were buying thousands of gross of matches from Finland. It surprised many of us that he should have been so bold, and his answer to us was that, while they bought these matches from Finland, they were selling, in return, a large number of bicycles and boots and shoes and other articles to the people of Finland.

I presume the right hon. Gentleman the Member for Colne Valley would use the same argument in regard to pottery. We on this side say that not only has a case been made out for the pottery trade in this matter, but that the argument to which I have just referred can no longer hold water in these Debates, for this reason. A large number of people in the pottery trade have been out of work for a considerable time. If you give them employment they will be able to buy the bicycles and the boots and shoes which you may now be selling in exchange for imported pottery. That argument has not been realised by the party opposite. As long as we have 1,000,000 unemployed in this country, are we not wise to do everything in our power to see that our own people are employed, especially when we know that they are only on the streets because they are competing with something which is as near to being a sweated product as anything which the party opposite ever denounced in the past? I hope there will be no doubt about this duty. I hope hon. Members opposite will not go to a Division. I believe that deep down in their hearts they see that the policy which considers only the merchant is a selfish policy and that our bounden duty,

if we are to regain our national prosperity, is to see after our national production.

Mr. RILEY: I desire to emphasise the objection to this duty, first, on the ground put forward by the right hon. Gentleman the Member for Colne Valley (Mr. Snowden), namely, that the Committee is now being invited to embark upon a development of national policy, on the strength of a report, in circumstances which are perfectly scandalous. I should like to ask the President of the Board of Trade whether there was any meeting of the committee of inquiry to consider their report after the closing of the evidence, and, if so, how many persons were present at that meeting. We now know as a matter of public information that the committee, consisting of three persons, closed the taking of evidence on 15th February, and that one member of the committee, within a few hours, left this country for South America. The evidence was closed on 15th February and the report was signed on 23rd March. Only five weeks or thereabouts elapsed between the closing of the evidence on which the report had to be made to the Ministry, and the signing of the report. The member who, within a few hours of the closing of the evidence, went to South America, presumably could not possibly return in time to take part in the meeting, to assist in coming to a judicial decision and to sign the report.

Sir P. CUNLIFFE-LISTER: I have never interfered with the conduct of the proceedings of the committee in the least or inquired as to when it was sitting. That was an undertaking which I gave to the House, and I have strictly kept it. I have not the least idea of how many meetings the committee may have held, but I have known many instances where a Judge, after hearing evidence, has immediately proceeded to give judgment.

Mr. RILEY: This is not the case of a Judge dealing with evidence but the case of three members of a committee appointed to hold an inquiry. Their duty was—after all the evidence had been submitted—to weigh up that evidence. A Judge may make up his mind in the course of the evidence and then decide, but their duty was, the evidence having been given, to weigh it up and in the

[Mr. Riley.]

light of all that evidence to come to a decision, agreed or otherwise. As the right hon. Gentleman the Member for Colne Valley has said, this policy is being based on the decision of one person. There were only three persons in all, one of whom, after the collection of the evidence, left the country. The report had to be issued by the other two who presumably met together to consider it. We now know that of those two, one was entirely opposed to the recommendations. He issued a minority report and in several paragraphs he says that in his opinion the evidence submitted did not justify the applicants in seeking the order. We are told by the President of the Board of Trade that the Committee found that the main ground on which safeguarding should be granted was the abnormal increase in imports during recent years. What are the facts of the case? The President called attention to page 9 of the Report, where a table of imports of pottery is given, and he stressed the point that for the years 1909 to 1913 the average weight of imports was 300,342 cwts., and in 1926 it was 365,000 cwts. On the face of it, that is a very considerable rise. But let us take not simply one year, 1926, but take the years 1913 to 1926, or take the average of the years 1922, 1923, 1924, 1925 and 1926. What we find then is that the average for these last years is only 224,000 cwts. per annum.

Mr. H. WILLIAMS: If you are very ill, does the doctor judge of your temperature by the average of the last week, or at the time when he is examining you?

Mr. RILEY: The hon. Member can put that argument in the course of his speech. I was calling the attention of the Committee to this table which shows that from 1909 to 1913 the average imports were 300,342 cwts. In the year 1913 it was 341,000 cwts. If we take the average for the period from 1920 down to 1926 we find the average is 224,000, which is less than the average in the period for 1909 to 1913. Therefore, as Mr. Hayhurst, a member of the Committee said, the 1925 imports were less than those in 1913. On those figures I submit that the claim that a substantial duty is justified by an enormous increase in imports is

not supported by the facts of the case. But I have an objection to this duty apart from the grounds upon which this recommendation is made, which I regard as inadequate grounds and grounds which have been arrived at in a manner not very creditable to the present Ministry in its conduct of these inquiries. I object to it on account of its niggling and petty character. In his Budget speech the Chancellor of the Exchequer told us that he expected to get out of this duty on pottery £150,000 in the present year and, possibly, £200,000 in a full year subsequently. To disturb this trade and the price of these articles of everyday household use for a paltry £150,000 a year is not a sound policy, and is an unworthy method of trying to raise revenue when there are millions of pounds to be found elsewhere which could be tapped without those who would be liable to pay feeling the burden in the least.

As in so many other cases, this duty is being applied in such a way that it will fall on the backs of those least able to bear it. It has not been disputed that the duty will be lowest on the most expensive pottery and glassware and highest on the cheapest kinds of pottery. Take as an example what are called half thick tea-sets, in cases of 35 dozens. Here is an actual instance of a consignment weighing 2 cwt. 3 qrs. 12 lbs., invoiced at £4 2s. 8d. without the duty. The duty on that amounts to £4 0s. 4d.; that is a duty of 97½ per cent. on common cottage ware tea-sets. That means that a single article which on import is priced, say, 1s. without the duty, is raised in price practically to 2s. by the incidence of the duty. The users of that pottery have not only to pay the actual sum by which the duty increases the price of the article, but an extra sum in respect of the several profits which are made on the goods between the time they leave the importer and reach the retail buyer. Let us assume that there is a profit of 50 per cent. made between the importer and the retailer. The purchasers of this class of pottery, who are the poorest people, have to pay not only the duty of 100 per cent., but an additional 50 per cent. representing these profits. Not only is the duty passed on to the consumer, but he has to pay for the increased capital expenditure on the part of the traders who are

handling these goods. From every point of view the incidence of this tax will be unjust.

Mr. REMER: Two points have emerged from this Debate which I think call for some protest, not merely from the party point of view but from the point of view of the whole House of Commons. I refer first to the criticisms upon the impartiality of the various committees, and in particular of this committee, which has given this decision as to a duty on pottery. If every committee appointed by my right hon. Friend the President of the Board of Trade is to be subjected to this kind of attack in the House of Commons, it will be impossible for him to secure men to serve upon these committees. It would be just as unreasonable for me to criticise my right hon. Friend about the far larger number of committees which have given decisions against the imposition of a duty, and condemn him for having appointed convinced Free Traders to serve on those committees. The second point which has emerged from the Debate is the statement by the right hon. Member for Colne Valley (Mr. Snowden) that there was no demand for this duty from the industry itself. While this committee was sitting the hon. Member for Hanley (Mr. Clowes) made a reference in the "Staffordshire Sentinel" to a speech I had delivered in my own constituency. In that letter, which was extensively quoted in the proceedings of the committee, he made it quite clear that they of the society representing pottery workers were not either for or against a duty, but were entirely neutral in this matter. To say, therefore, that they are not parties to the duty does not mean that they are against it.

It is noteworthy, as my hon. and gallant Friend the Member for Bournemouth (Sir H. Croft) has already pointed out, that not a single Member for the Potteries is present this evening while this duty is under discussion. There are four Members representing the Potteries, three of them Labour Members. One of them, the hon. Member for Stoke-on-Trent (Lieut.-Colonel John Ward) is, I believe—so he has told me—in favour of the duty. We all regret the reason for his absence. I think the whole Committee know that he is only absent on account of ill-health. It would be in-

teresting to know why the Pottery Members, if they are so violently opposed to this duty, are not in their places to state their reasons in Debate. Some rather curious arguments have been put forward in the previous Debates on this duty. During the consideration of the Budget Resolution, the right hon. Member for Spen Valley (Sir J. Simon) condemned this duty at great length, calling it a cruel tax upon the working people of this country. His argument was based on the statement that the price of pottery would be increased to the very poorest in the land. I have been in consultation with a very large number of people in the pottery industry, as was my duty, seeing that I represent a constituency adjacent to that great industrial area, and they tell me that in the circumstances prevailing at the moment no manufacturer would raise his prices one penny above what he was charging before this duty was imposed.

Mr. RILEY: Will the hon. Member say who he expects will pay the duty?

Mr. REMER: I was coming to that in a moment. I can give the hon. Member a quite conclusive answer to his question. What were the conditions of the pottery industry prior to the imposition of this duty? The industry was working only three or four days a week. If a manufacturer can work full time the proportion of his standing charges, rent, rates and taxes, which are imposed whether he is working full time or short time, is reduced to such an extent that he can sell his goods at a lower price and make a profit, whereas when he was working short time he was making a loss even at the higher price. The right hon. Gentleman the Member for Spen Valley (Sir J. Simon), on the Budget Resolution, stated

that he had studied the short-
6.0 p.m. hand notes at the inquiry dealing with this matter, and, therefore, he must know that it was stated quite clearly at the inquiry what a terrible amount of unemployment there was in the Potteries before this duty was imposed. It amounted to as much as 16 per cent., and, if the right hon. Gentleman has, as we know he has, sympathy for those people who are suffering, surely he should have sympathy for these people, one in five of whom are out of work totally—not temporarily—while the remainder are only working

[Mr. Remer.]

three or four days a week. The sum total of the arguments of the right hon. Gentleman and of hon. Gentlemen opposite is to condemn these pottery workers permanently to their present condition—16 per cent. totally unemployed, and the balance working short time; and I would submit that it is poor comfort to these people, who have no money in their pockets, for the right hon. Gentleman or hon. Gentlemen opposite to tell them that, if they oppose this duty, they will have cheap pottery.

England has been the natural home of the pottery industry. China clay—ball clay and china stone—is produced to the greatest extent in the world in the counties of Devon and Cornwall, and we export these commodities, not only to Germany, but to America, Spain, Portugal, and, indeed, practically all over the world. It may be asked why the pottery industry is stationed in Staffordshire, such a long way from where these commodities, which are so necessary for the production of china, are found. There is a very good reason, namely, that Staffordshire coal is the most suitable for making pottery, so that Staffordshire is the natural home of the most efficient production of pottery. In that area there are people who have been in the business for generations. The industry is unique in the world, and the manufacturers and workpeople in Staffordshire are admitted by everyone to be the most skilled potters in the world. It may be asked why, if this be correct, they are beaten in their own market. The answer is quite a simple one. It is that in Germany the wages are 33½ per cent. lower than in this country, and in Czechoslovakia they are 50 per cent. lower. Here was this industry, one of the finest skilled industries in this country, slowly bleeding to death, and the people who are supposed to protect Labour in this country come here and condemn the one means by which the industry can be restored.

I want to refer to the speech of the hon. Member for Keighley (Mr. Lees-Smith) on the Budget Resolution. He told us that the remedy for the pottery industry was that the English manufacturers should start to manufacture felspar china. I do not know where he got his information from, or what was the basis

of his knowledge of this industry, but it is rather surprising, if that be the remedy, that no Continental manufacturer of felspar china has attempted to manufacture it in this country before. There would be a great saving in carriage, there would be a closer liaison between the manufacturer and his customer, there would be many advantages for him if he came here and set up his works. If the hon. Member's arguments were right, one would suppose that Continental manufacturers would have done that. The reason why they have not done it is that the cost of labour in this country is twice what it is in Czechoslovakia, and the cost of erecting works here is twice what it is in that country. It will be very interesting to see if the Czechoslovakian manufacturers will now erect potteries as a result of the duty.

A further argument used by the hon. Member, when he was speaking on the Budget Resolution, was that the earthenware manufacturers had not applied for a duty upon earthenware. There was a very good reason why the earthenware manufacturers, in November of last year, did not make an application, namely, that at that time no earthenware of any kind was being imported into this country; but in November of last year, for the first time in 45 years, earthenware was offered for sale in this country, and I am informed that it is now being freely offered in this country by Continental manufacturers. Possibly, therefore, the earthenware manufacturers may look at this subject at the present time in a rather different light. I am quite satisfied that this duty is going to provide full employment and better wages for the workers in this industry, and I cannot understand the attitude of the Socialist party in condemning the one means of raising the standard of life of those workers—of raising their wages and bettering their conditions. I hope that in all the pottery districts it will be shown conclusively to the working people there that the party which represents them in the House of Commons has done everything it could to grind down those workers to a state of unemployment.

Mr. HARRIS: From this discussion very few people would think we were dealing with the Finance Bill, that is to say, a Bill to provide the necessary revenue for carrying on the country and raising

taxation, because the question of taxation has been peculiarly absent from the discussion. This Bill is a Bill to impose taxes and raise revenue, but, under the new regime, our Finance Bill has been diverted from what has been its object for many years, and the discussions upon it are degenerating into a controversy in favour of Protection. Speeches have been made by hon. Members opposite—and I make no complaint of it—which would apply with equal reason to any manufactured article imported from abroad, or to bacon, bread, meat, butter, and every other import of any article produced in this country. I cannot help thinking that it is rather hard on the farmers, who used to look upon the Tories as their friends. They have been badly deserted. They have to pay more for everything they buy—cups, saucers, cutlery, and so on. The only purpose of this tax is to raise prices. The ground of this particular proposal is that manufacturers in the Potteries find that they cannot produce china as cheaply as manufacturers in Germany and Czechoslovakia, and they say, as was said by the hon. Member for Macclesfield (Mr. Remer), that that is because of the labour costs. Whatever may be the cause, the contention is that they cannot sell at the present price because it means selling at a loss, and the admitted purpose of this duty is to remove foreign competition, so that the consumer, who, after all, is a more important person than the trader and the merchant—the trader and the merchant are of very small account; it is the user, the person who has to buy the articles, the housewife, the working-class family, the person who has to spend the money—will have to pay more for these items.

Sir H. CROFT: Can the hon. Member say where they have to pay more—in what particular industry?

Mr. HARRIS: They pay more in the shops when they buy across the counter. As an instance, I may mention that my hon. Friend the Member for North Lambeth (Mr. Briant) has been organising a camp, and he wanted to buy some mugs. He searched all London in his endeavour to buy drinking mugs for his camp. I do not suppose that the hon. and gallant Gentleman ever used anything so vulgar as a drinking mug. Probably my hon. Friend will be abused at every street

corner by our Tariff Reform friends, but he wanted to buy these cheap china mugs. They are not obtainable any more. The tariff is having its effect. The market is there, but my hon. Friend has had to get a substitute. Now you cannot buy an English substitute—it is not available; and my hon. Friend has to buy cheap enamelled iron mugs imported from abroad. Perhaps the hon. and gallant Gentleman will say that a cheap mug of that kind is quite good enough for working-class children, but it is not so pleasant to use for a cup of tea, and, of course, it is a poor substitute for the china mug. That is a good example of what is going on all over the country as a result of this tax.

Mr. GREENE: Can the hon. Member say why gloves have gone down in price since they have been protected?

Mr. HARRIS: We are discussing mugs at the moment, not gloves.

Mr. GREENE: The hon. Gentleman knows more about mugs than I do.

Mr. BUCHANAN: You can always tell them when you see them.

Mr. HARRIS: I hope the Debate will not be allowed to degenerate into personal abuse.

Mr. GREENE: I was not referring to the hon. Member when I referred to mugs.

Mr. HARRIS: As a matter of fact, the cheap gloves of the ordinary working woman are more expensive and are far more difficult to get. I agree as regards the kid gloves of Bond Street. They were already very expensive, and it means that the rich woman can still buy them, but the working-class woman in the East End of London cannot buy expensive Westbury or Yeovil gloves in Bond Street; she has to put up with cheap cotton gloves.

The CHAIRMAN: I think I heard the hon. Member say he was discussing pottery.

Mr. HARRIS: So I was, but I was interrupted by the hon. Gentleman opposite, and I thought that perhaps you might have protected me, so that I might concentrate on my subject.

The CHAIRMAN: The hon. Member so effectively corrected the hon. Member for Worcester (Mr. Greene) that I thought it unnecessary that I should do so.

Mr. HARRIS: The real reason why there is depression in the china industry, where there is undoubtedly short time and unemployment, is the high prices at which the articles are offered. The prices of china have gone up to three times the pre-War prices, and that has meant that at present prices these articles are quite out of reach of the ordinary user of crockery and china-ware. The result has been that, although there is depression in the manufacture of china, immense strides have been made in the substitute manufacture of earthenware, because earthenware has gone up only 75 per cent. as opposed to treble the price in the case of china. The very same amount of labour has been employed in the production of the earthenware as of the china. They are under very much the same trade unions, and have the same rates. The earthenware manufacturer having adapted himself to new methods and to the requirements of the market, and the public having the money to spend on china, they have been able to extend their plant, increase their production, improve their design, and meet the demands of the public. As far as one can see, the price is so enormously different from the foreign article, produced by better methods, with different materials, and by an entirely different process, that the English bone china cannot be called a really serious competitor with the felspar china produced under mass production and by new methods. You might as well compare the production of a Rolls-Royce car with a Ford as compare the manufacture of high quality china in Staffordshire, made under old-fashioned methods, and bone china with felspar china manufactured abroad under new methods and mass production with all that that involves.

When you come to the labour costs, it is doubtful whether you can really say there is justification under the machinery of the Safeguarding of Industries for imposing this duty. I find the labour cost of an equivalent tea set in earthenware works out at 1s. 8d., with the same trade union rates and conditions, as compared with 5s. 11d. for bone china; felspar

china, which is very little different from earthenware, works out at 1s. 5d., a little less, but the fact remains that under the duties now proposed the real assistance will be given to the manufacturer of earthenware, who did not ask for a duty, who had no inquiry made into his case, who has never been asked to put forward evidence, and has not been subject to cross-examination. They will be freed from competition and will be able to get the advantage of a protected market. It is a curious fact, which has to be borne in mind, that many of the people who control the manufacture of china are also controlling the production of earthenware. Perhaps they knew the weakness of their case in asking for protection for earthenware and preferred to keep in the background and allow their case to be fought by the organisation representing the production of translucent china.

One thing we might ask is that the President of the Board of Trade might very well consider the exclusion of vitrified pottery. I understand already in many cases the Customs officials are not including many articles which would not come under the description of vitrified ware, because when you start going into a Customs tariff, it is very difficult to distinguish between this article and that. The right hon. Gentleman admitted that in his speech. He is very proud of the difficulty to the ordinary person of distinguishing between translucent ware and ordinary earthenware. It is only the initiated who can easily distinguish. The Customs House officials are already very worried and troubled to decide under which particular category the import comes. On the whole I understand many articles have already been excluded by taxation which are generally described as vitrified pottery, and I think it would be reasonable, when we come to the detailed Amendments, that this particular article should be excepted.

May I refer to the method of levying the duty. This plan of levying duty by weight is novel. Some of the interested parties thought it would be more convenient and would lead to less disturbance in the trade not to unpack the cases and value each article separately but to lump them together and charge the duty on the weight. In order to save trouble, the Committee came to the conclusion that that was the simplest plan. No inquiry

was held and witnesses were not cross-examined. We do not know on whose advice it was, but the Commissioners came to the conclusion that 25s. a cwt. was a reasonable interpretation of the request for a 33½ per cent. duty. Since then the various trade interests have had time to inquire. They had gone to great trouble and given the right hon. Gentleman many examples. I believe most of the figures have been placed before his officials. I know he is a very busy man, and spends a good deal of his time upstairs, trying to get protection for films and various other matters. No doubt he did not have time to consider all the evidence before him, but it is a very peculiar thing that he has brought down to the Committee one example that is favourable to his case that this duty is a fair one. He took goods imported from Czechoslovakia, which are of a finer character and decorated, and, therefore, their value is higher compared with their weight. He ignored the fact that, generally speaking, the familiar china tea-set, the modern article used in every working-class home, is heavy, coarse, and not decorated, and its principal qualification is its cheapness. There is evidence to show that in most of these cheap tea-sets, which make up the bulk of the imports, the duty works out not at 33½ per cent. but at 70 per cent., 80 per cent., 90 per cent. and 100 per cent.

If the right hon. Gentleman desires to be just and fair, not to the foreign manufacturer but to the general public, especially the working class, he should be prepared to listen to representations to bring the proposed duty more into line with the rate asked for by the applicants and on which evidence was given at the inquiry. I have here examples extending over three or four months. Here is a case of 5,537 cwt., which at 28s. works out at £7,753, on goods invoiced at £11,108. I shall be pleased to hand the figures over. They have been placed before the Board of Trade and an unanswerable case has been made out for lowering the rate of duty, if you are not going to take advantage of this occasion to put something like a penal tax on an article of general use by the working class, who are already overburdened and suffering from high prices in many articles of general use, and I think the Minister ought to be prepared

to consider it when we reach the Amendment in my name. The people of London have a specially strong case against this duty. There are 7,000,000 people living on open ports. Here is the Government, under the excuse of safeguarding machinery, giving protection to this industry in one part of this country and another industry in another, seriously interfering with the trade of London, whose very existence depends on open ports. This duty is going to divert trade from London to the mainland, and throw out a large number of workers employed as workers, carmen, packers, and, not least, seamen. For that reason only, I as a London Member would not hesitate to vote against this duty. It is against the weight of evidence. It singles out one trade for special favour, and is going to make an article of general use to the public very much more expensive.

Mr. H. WILLIAMS: I have listened with interest to the hon. Member's speech. He made a number of assertions which he did not support with any particular evidence. In conclusion he asked us to consider the situation of London, one of the constituencies of which he represents. London has a far lower level of unemployment than any other great industrial centre, perhaps only a third of that which prevails in North Staffordshire. The hon. Member should not be quite so narrow and selfish as he appears to be.

Mr. HARRIS: There are 7,000,000 people in London.

Mr. WILLIAMS: I quite agree that there are 7,000,000 people in London, but I am talking about percentages. The ratio of unemployment is about a third of that prevailing in North Staffordshire. I should imagine a man with his noble principles would have some consideration for other people. Then he says it is a novel thing that there should be a duty by weight. For many years he supported a Liberal Government that taxed tea and sugar by weight. There is nothing novel in duties by weight. He has only to examine any tariff in any country and he will find large numbers of specific duties, and in pre-War days, when he used to make speeches in opposition to Protection, I am certain he used to turn out the same kind of, shall we say

[Mr. Williams.]

stuff, that those who hold his views turn out, and say you could not possibly have *ad valorem* duties. It was so difficult to determine. It was always urged that these duties must be specific, and that was one of the attacks made on Mr. Chamberlain, because he rather tended to advocate *ad valorem* duties. So when we present them with what they want, they do not like it.

Then the hon. Member attacked the efficiency of British producers, but he gave no evidence. I suppose he wanted to support what the right hon. Gentleman the Member for Colne Valley (Mr. Snowden) had said, when he drew our attention to page 11. He said, "Here we have 4,800 pieces a day turned out in Czechoslovakia, against 360 in this country made by one man by ordinary methods. But in Czechoslovakia there was one skilled workman with 13 assistants doing the job. The right hon. Gentleman declined to do the little sum in arithmetic, and left it to the Tariff Reformers. He did not want to do it, because it would expose the folly of his argument. The average per person in Czechoslovakia was 343, and the primitive, incompetent, unscientific Englishman, whom he is so happy in denouncing, does 360 in a day.

Mr. RILEY: It is one skilled person with 13 assistants.

Mr. WILLIAMS: I have always heard the hon. Member stand up for the bottom dog, the unskilled labourer. He has to live, and he lives out of his production. The single man, with 13 assistants, does less than one man in this country. I want to raise the standard of living of the people. I can only raise the standard of living by raising the efficiency of their production. If a man turns out 343 instead of 360, that would be his standard of living. The hon. Member for Dewsbury (Mr. Riley), who has just interrupted me, has asked us to consider, not the imports during 1926, but to take the average of the last five or six years. If you take the average of the last five or six years, he said, the imports are not abnormal. But they did not make the application until the imports became abnormal. They are asking us to deal with the existing situation. It would be no satisfaction to the people in his con-

stituency who are out of work now if you pointed out to them the average imports relating to some time past when they were in work. What they want is a job now, and we are trying to get them a job now by imposing this duty.

We have had some depressing examples of how a specific duty may result in a very high *ad valorem* rate. Taking the whole of the pottery imported this year, roughly 95,000 cwts. valued at just over £313,000, or an average of 66s. a cwt., a duty of 28s. does work out to rather less than the figure mentioned, but only to 42 per cent. It is no use coming along with some isolated cases and attempting to prove your case with an example which has been supplied no doubt by some foreign importer who is rather distressed because he is going to lose his trade, which will pass to the British producer. Mr. Hayhurst, who did not agree with the duty, pointed out that there was one pottery where they were making reasonable profits, though even in that case the organisation of the factory was not all that could be desired. I am told that the particular factory was a co-operative factory. I am told that it is the most inefficient factory in the district and yet it made reasonable profits. [An Hon. Member: "Why put on the duty then?"] It made reasonable profits for this reason. I imagine that it has a guaranteed market, the guaranteed market being its own proprietors. In order to maintain its success, no doubt, they bought the products at appropriate prices which produced a profit. That is not very conclusive evidence of the state of the industry.

Will this duty give more employment to my own fellow countrypeople? I think it will. I think an analogy of the existing duties shows conclusively that it will. You may take the analogy of a trade, one section of which is safeguarded, and the other section of which is not—the hosiery trade. The greater part of hosiery is made of wool or cotton, but there is a very large amount of hosiery made of silk or artificial silk. What has happened since the hosiery which is made of silk or artificial silk has been protected? The importation of this kind of hosiery has rapidly diminished, while the importation of hosiery made of cotton or wool has rapidly increased. When we come to exportation, the exportation of artificial silk and silk hosiery has in-

creased, while the exportation of woollen and cotton hosiery has diminished, proving conclusively that you have raised the efficiency of that branch of the hosiery industry.

Mr. HARRIS: Not at all. You are using silk hosiery instead of woollen and cotton hosiery.

Mr. WILLIAMS: Surely, any Member of Parliament who, as part of his duties, attends a great many social functions in his constituency of the jazz variety, must have observed that the introduction of artificial silk on the nether limbs of the opposite sex took place long before the Silk Duties were imposed.

The CHAIRMAN: We are not considering the Silk Duties but the Pottery Duties.

Mr. WILLIAMS: I apologise. I did not wish to go beyond the analogy, but the interruption led me rather further than I intended to go. With regard to the question of prices, why should it be alleged that this burden is going to be cast upon the poor? Is there any justification, as far as we have experimented in this matter, for saying that the burden has been cast upon the poor? Broadly speaking, can any hon. Member opposite point to any new duty which has, in fact, made any serious addition to the price of any commodity? [An Hon. MEMBER: "Gas mantles!"] I hope I am not going to be stopped again, for I am only going to draw attention to an answer to a question in the House of Commons two days ago as regards gas mantles.

Mr. HARRIS: I stick to my facts.

Mr. WILLIAMS: Precisely, and the statement is true but entirely misleading. An hon. Member drew attention to one type of gas mantle sold at a certain price and another gas mantle which is a very much superior article and is sold at a higher price. He was merely misleading, because he read it in the newspapers like the rest of us, and did not investigate the matter. If he will take the official information based upon the inquiries as to the price at which they were sold last year, he will find that the wholesale price went up by a shilling a gross and that the retail price, broadly

speaking, was not affected. I take the analogy of the one selected by the hon. Gentleman.

Mr. HARRIS: It is not true.

Mr. WILLIAMS: It is true. Go into the shops and compare quality with quality. Eighty-five per cent. of the gas mantles sold in this country last year were sold at an average price of only one shilling a gross higher than the average price which prevailed previously. That is the analogy. I do not care what commodity you may take—there may be odd exceptions—the price has not risen. As the result of increased efficiency in a guaranteed market, prices have fallen. It is no use getting up and constantly asserting, as you have done for the past three generations, that the sole effect of a duty is to raise prices, when you have innumerable cases destroying the theoretical basis of your argument. We do not want generalisations based on the past, but concrete examples based on our present experiences.

Mr. BARNES: Listening to these Debates on the Safeguarding of Industries, it appears to me that the only time that the Conservative party, or the Members of this party, and particularly the Member for Macclesfield (Mr. Remer) and the Member for Bournemouth (Sir H. Croft), have a good word to say for the British working man is in a Tariff Reform Debate, when he becomes the most skilled workman in the world, and during a war, when he becomes the most patriotic worker in the world. But when the British working man is actually unemployed, whether it is of because of Free Trade or the absence of Tariff Reform, we do not find that sympathy and appreciation as to the value of the British working man displayed in the the policy of the party of the hon. Members opposite.

Sir H. CROFT: May I ask the hon. Gentleman if he has ever heard me make any speech or remark decrying the British working classes, who are so unfortunately led in this Debate?

Mr. REMER: Has the hon. Gentleman ever heard a speech from me decrying the British working man?

Mr. BARNES: I can quote something which is more effective than speeches—the votes of the hon. Members on occasion after occasion.

The CHAIRMAN: I think that the hon. Member for Reading (Mr. H. Williams) was going rather wide of the subject, but the hon. Gentleman is going a great deal beyond the scope of the Resolution for vitrified pottery.

Mr. BARNES: During the Debate the skill and the emotions of the workers have been referred to with regard to the state of unemployment in particular industries, and the hon. Member for Macclesfield in particular, addressed the Members on this side of the Committee as if we have no sympathy for the unemployed working man. As a matter of fact we have the utmost sympathy for any unemployed worker, because the majority of us on this side of the Committee at some time or other during our working career have experienced the difficulties of unemployment. Therefore, we do not wish to be reminded by persons, who, possibly, have never known the difficulty of getting a job in order to obtain a meal, of the reaction of Free Trade and Tariff Reform on the people of this country. As a matter of fact, I do not stand here as a fanatical Free Trader. I do not consider that the principle of Free Trade by itself can solve the difficulties and the problems of unemployment in this country, but I seriously state and with equal emphasis, that I do not consider the principle of safeguarding or of Tariff Reform will provide any additional employment for the workers of this country, or in any way ease the difficulties they have to meet. I do so because of this fact. I entirely agree that you can take a specific industry or trade and by artificial stimulus increase, possibly, the amount of employment in that trade. We have seen it in regard to the sugar-beet industry. We have seen it in other industries.

If you are prepared to administer artificial aid to an industry, of course you can produce favourable conditions. The principles on which the Safeguarding proposals are being introduced in this country are vicious and bad in practice, and must inevitably lead to corruption of political administration through the avenues of trade. It does not matter whether the President of the Board of Trade is a fanatical Tariff Reformer or not, he can always appoint committees of three who will give him the decision he wants. Does any hon.

Member opposite wish to assert that if the right hon. Gentleman the Member for Colne Valley had the responsibility of appointing committees of three he could not appoint committees that would give him a majority decision in favour of Free Trade. Any Member of this House knows very well that the system of appointing three persons to decide a question of fiscal policy in its relation to any particular trade or industry in this country is fundamentally wrong and that it must lay itself open to the charge of corruption for the purposes of serving vested interests.

The PARLIAMENTARY SECRETARY to the BOARD of TRADE (Sir Burton Chadwick): Is the hon. Gentleman aware that on the committees appointed by my right hon. Friend the President of the Board of Trade 50 per cent. of them have recommended against a duty?

Mr. BARNES: I am not at all surprised at that, because, as a matter of fact, in this country the bulk of our trade is based upon such a principle that it is impossible, in view of the fact that the working costs depend upon the importation of raw materials and things of that sort, to get applications through, even if you packed the committees entirely with tariff reformers. But it is a significant thing that it is the secondary trades that are beginning to get through under the principle of the Safeguarding of Industries Act. However much you may play with figures, you cannot avoid the fact that eventually the additional artificial costs of these industries are bound to find their way ultimately to the purchaser. I said once before in these discussions that the Conservative party and the people of this country must make up their minds what they are going to do, either we are going to sacrifice entirely the primary industries of this country upon which we built our wealth and upon which the secondary industries in the long run depend for their trade—I am speaking of coal, cotton, shipbuilding, engineering, iron and steel—

The CHAIRMAN: This is most suitable for a Second Reading Debate. If the hon. Member continues in this way there may be no end to the matter.

Mr. BARNES: I was led into that general statement by the Parliamentary Secretary to the Board of Trade, who

pointed out that 50 per cent. of the inquiries under this Act had failed, and I was endeavouring to find out where they had failed.

The **CHAIRMAN**: I do not take exception to that being replied to, but I thought the hon. Member was suggesting there was an unconscious bias in these committees. That would be a fair point to take, but to go over the whole question cannot be done.

Mr. BARNES: I was endeavouring to prove that in the secondary trades the bias came out in administration, but when you come to another range of industries in this country it was impossible to get them through because of bias. However, I do not want to emphasise that if I am out of order. I should like to refer to the remarks made by the hon. Member for Reading (Mr. H. Williams) when he stated that, as far as the position of Mr. Hayhurst is concerned, his connection with the pottery owned by the Co-operative Wholesale Society no doubt biased him.

Mr. H. WILLIAMS: I did not say anything of the kind.

Mr. BARNES: At any rate, the hon. Member has referred to a guaranteed market which the Co-operative Wholesale Society had. As a matter of fact, may I point out to him that a Co-operative Wholesale Society factory has no more guaranteed market than any other factory in this country? Each retail co-operative society has perfect freedom to buy their goods wherever they like. As a matter of fact, if the Co-operative Wholesale Society production were to move above the current manufacturing prices for these articles, the buyers for the retail society who have to hold their trade, the trade of their members, against the general competitive prices, would be compelled to go past the Co-operative Wholesale Society for the purpose of buying their commodities. As a matter of fact, that happens time after time. If the hon. Member would familiarise himself with co-operative buying a little more, he would find repeatedly in the Co-operative Wholesale Society complaints of the absence of loyalty on the part of the retail buyers. You do not find the co-operative system perfect all along the line, any more than any other industrial organisation, and its

weakness develops in administration, but you will find that that is put right by the economic reaction of prices.

Mr. H. WILLIAMS: How is it that this inefficient factory is able to make a reasonable profit when less efficient factories are not?

Mr. BARNES: It shows that the operation of the ring is effective.

Mr. WILLIAMS indicated dissent.

Mr. BARNES: The hon. Member disagrees with that, but I assert that prices are affected in this industry by a great decision between the manufacturers as to the prices they charge. If one doubts that, will the hon. Member try to explain how it is that in this bone china before the War you could get an ordinary set for 3s. or 4s. and this has jumped to 13s. 11d.? It is absurd to argue that the manufacturing costs have moved in that direction, because the bulk of the factories and plant were erected and in operation before the War. Wages have not moved to anything like that extent, so that no one can argue that is the reason for that. With regard to the question of prices, again I should like to assert that this duty has been passed on to the consumer, and I want to prove it by quoting a particular set I have in front of me. Take the ordinary set purchased before the War at 3s. 3d. and sold for 4s. 11d. That set moved to 5s. 5d. prior to the imposition of this duty, but to-day if you wish to buy that particular tea-set—just an ordinary set in common use in working-class homes—you would have to pay 6s. 11d. to be sold at 9s. 6d. I agree, if I might refer to artificial silk for a passing moment, that where you have a newly-developed industry, as the total output increases prices are naturally falling, and I agree that for a period the imposition of taxation of this sort can be hidden; but when you come to a well-established industry of this sort, where the production and the volume of production are not materially affecting prices, I state without any hesitation that at the present moment, whatever may happen ultimately, this duty which has been imposed has passed to the consumer, and is being passed to the consumer. But that is not all. One of the reasons why I—although I do not stand here merely

[Mr. Barnes.]
as an automatic and fanatical Free Trader—oppose any imposition of tariffs or safeguarding in this country is, that ultimately it leads to a more intense exploitation of the consumer, and a more intense exploitation of the producer.

In the first place, if you impose a duty, it does not matter whether it is levied from the point of view of raising taxation as such or for the purpose of keeping out goods that are imported. Eventually it must go into price, and if it goes into price and the retailer or manufacturer has to collect that tax for the Government, it means that ultimately he must have more capital in his business, because the rise in the goods that he purchases necessitates a greater outlay on his part. What happens in respect to that? Every industry, broadly and roughly speaking, has to provide its own additional capital. How does it provide that? By enlarging and widening the margin between the cost of production and what the consumer pays. That is the only way by which industry ultimately provides the additional capital that is necessary either through inflation or an artificial system of increasing prices by tariffs. Take that one set I have mentioned. I wish to illustrate the general argument by that one set. Before the War it was purchased for 3s. 3d. and sold for 4s. 11d. The gross profit was 1s. 8d., representing 34 per cent on price. Because of this duty that is imposed on that set, and the natural rise in prices because of inflation, the price of that 3s. 3d. set comes to 6s. 11d. Obviously, every person who is engaged in that industry must roughly double his capital to stock the same range of goods as he did before the War, and I say without any hesitation that that additional capital does not come from saving, but from a more intense exploitation of the producer and the consumer from 1914 to 1926.

But that does not end the story, because that article is sold for 9s. 6d. The gross profit of 1s. 8d. on that set in 1913 now jumps to 2s. 7d., an item of 11d. represented in the value of gross profit which, although it is only 27 per cent. to-day as against 34 per cent. in 1913, takes an additional 11d. out of the consumer. This with the 1s. 6d. in tax that I assert

this duty represents on that class of tea-set means a total of 2s. 5d.—an artificial price. It is not represented in the cost of labour or in overhead charges or by foreign competition or matters of that sort, but an additional 2s. 5d. is taken out of the productive power of the workmen of the country. When hon. Members opposite get up, and with that kind of emotional appeal to this House and through this House to the electors of this country, say that this system of tariffs is devised for the purpose of putting people into employment in this country, I say there are plenty of ways of putting people into employment in this country. Cut down the vast expenditure on—

The CHAIRMAN: Really, the hon. Member must keep to the point.

Mr. BARNES: I would hesitate to disagree with your ruling. I have sat all through this Debate and I assert without any hesitation that many Members have travelled far wider than I have, and if the hon. Member for Macclesfield (Mr. Remer) and the hon. and gallant Member for Bournemouth (Sir H. Croft) can make a reference in a general way to these problems, I am entitled to. However, I close with the observation I made before, that this system of imposing a tariff through safeguarding an industry of this sort would not benefit either employment or workers in this country, but lead eventually to a widening of the margin between what the workers get in wages and what they have to pay in prices.

Mr. E. BROWN: The hon. Member for Reading (Mr. H. Williams) has alluded to the reference of the hon. Member for South-West Bethnal Green (Mr. Harris) to London and said he was selfish and narrow because he said the unemployment rate in London was less than in the Potteries, and the hon. Member for Reading was rebuking the hon. Member for Dewsbury (Mr. Riley) for taking an average, and yet he committed the same sin himself. If he will consider the conditions of parts of London which will be mostly hit by this duty, he will find that the rate of unemployment in the areas of those parts of London is much heavier than in the Potteries where this particular industry is situated. It is useless for the hon. Member for Reading to take a selected case like that and leave out the

parts which will be most hit by the putting on of a tariff like the tax on pottery.

I want to say one other word. It is about unemployment. We do not believe that the imposition of this duty of 28s. per cwt. on translucent and vitrified pottery will make more employment in the pottery industry which made application for this duty, for I think it is clearly shown in the evidence that a great part of the competition from which the bone china section of the industry has suffered did not come from abroad at all, but came from the manufacturers in the very same area. It did not come from manufacturers abroad paying low wages, but from the same trade paying the same wages in the same joint industrial council in the county of Staffordshire itself. We are against this tax because, first of all, we disagree with taking selected industries and giving them artificial protection on a separate basis, quite apart from the general argument of Free Trade and Protection; and when we get an industry like this which puts up a case, and in the course of putting up the case before the Committee refuses to produce its balance-sheet—it is the first time in any of these inquiries into safeguarding that the applicant has refused—

Mr. REMER: I challenge that statement.

Mr. BROWN: If the hon. Gentleman will read the minutes of evidence, he will find that the opponents' counsel made the statement in the course of the argument and asked for a production of the balance sheets, and they were not produced.

Mr. REMER: And he afterwards apologised.

Mr. BROWN: Well, he is entitled to his opinion, and I am entitled to mine, after reading the evidence. They did not produce the balance sheets. More than that, the evidence shows on the point of employment in the bone china section that there were no figures for that section of the industry to show what the rate of employment was in that particular section. Further, the evidence

7.0 p.m. went to show that when it was a question of foreign competition no proof was given that the sweated rates of wages referred to by

the hon. Member for Macclesfield (Mr. Remer) had anything to do with the difference in price between felspar china imported from abroad and bone china made in these small factories employing 7,000 people in Staffordshire. Counsel for the opponents actually made not only the statement referred to by the hon. Member for West Leicester (Mr. Pethick-Lawrence), but a further statement in which he said:

"I will make another assertion. If the Longton manufacturers got their wages and firing and their materials for nothing, their overhead charges would still be more than the whole cost of the felspar china."

I think that is conclusive proof, which was not denied by the applicants in the course of the hearing, that the question of sweated wages does not come into this at all, and, as a matter of fact, the competition is more from the other branch of the trade, which did not associate itself with the application, than from foreign competition.

I do not think the nation as a whole appreciates the range of articles to be affected by the imposition of the tax. If you turn to Appendix A of the Report, the list of articles to be taxed at 28s. in the cwt. is an amazing one. It includes tea sets and component parts thereof; dinner sets and component parts thereof; morning sets; fruit or berry sets; dessert sets; breakfast sets; cups and saucers, all sizes, including cream soup cups, chocolate cups, sherbet cups, custard cups and all kinds of other cups, including egg cups; covered muffins of all sizes; and butter dishes. I think the public outside does not understand how wide is the range of these articles, and I propose to read a few more so that the public may know what is being taxed. The list includes tea-pots, coffee-pots, cocoa-pots, chocolate-pots and covered jugs of all sizes, sweet dishes, bon-bon dishes; oatmeal plates and bowls, and salad bowls—and that will make an appeal to the hon. Member for one of the divisions of Glasgow—nappies, round or square—I do not know what they are, but no doubt other hon. Members will know—sardine boxes, cheese dishes, covered jars, tea infusers, tea-tasting cups, milk or drinking horns, beakers, toast racks, butter pads, dessert dishes, fruit saucers, olive trays, pickle trays, sugar boxes, bread and butter plates; jugs, milk, cream, hot-water and syrup

[Mr. Brown.] of all sizes; ash trays or bowls, grape-fruit bowls, plates of all sizes, including service plates, whether flat or deep, and oyster plates; cress plates, salad plates and asparagus plates, bakers or pie dishes, cruets, powder boxes, egg-stand frames; biscuit jars, and of course the final item of, mugs of all sizes and kinds with one handle or more. I think the time has come when we might very well revive in this country the old art of the lampoon. I was wandering in a museum the other day looking at pottery, and among the articles I found was a spittoon on which was inscribed:

"I will spit on William Pitt."

Obviously political feeling in those days against William Pitt, the great statesman, was so strong that they inscribed a lampoon on their spittoons. I think if this kind of duty is to go on we shall have to inscribe on our spittoons

"I spat on Winston's hat,"

or something of that kind, so that the people who do not read our Debates will understand all about the ridiculous taxes to which this ridiculous Government and the President of the Board of Trade are subjecting the country. There is one other point about this range of articles. I have here a letter from a firm giving four lines of articles and showing how this tax of 28s. per cwt. will adversely affect the prices. First of all, there are tea-sets. The value of these sets is £10 4s. 2d. and their weight is 418 lbs. A tax of 28s. per cwt. will work out at £5 2s. on that 418 lbs., that is, just 50 per cent. The second line is a line of jugs. Their value is £5 4s. 2d. and their weight 332 lbs., and a tax will work out at £4 3s. 0d., or considerably more than 65 per cent. on the 332 lbs. The third line is a line of cups, the value being £3 6s. 8d. and the weight 242 lbs. The amount of the tax will be £3 0s. 6d., or nearly 100 per cent. on the 242 lbs. The fourth line is a line of cups and saucers—the china used by the poor people referred to by the hon. Member for South-west Bethnal Green and the hon. Member for West Leicester. This line is valued at £5 4s. 2d., and the weight is 440 lbs. The tax will work out at £5 10s. 0d. This very firm has 250 branches up and down the country, and this will be the result. My hon. Friend the Member for North Lambeth (Mr. Briant) has been accus-

tomed to run a camp for boys of South London in the country, and he has always been able up to this year to give them an earthenware vitrified cup from which to drink. He was able to buy these before this year at 3d., but when he comes to this same firm to buy cups for this year's camp he is told that the price is up above the level at which they were sold before, and he has to content himself with enamel cups instead of china cups. [Laughter.] Hon. Members may laugh, but it is no laughing matter that a tax of this kind should prevent children living in the slums of London from having the comparative joy of drinking out of these china cups rather than an enamel cup. Those of us who served in the Army know perfectly well that enamel cups are not the best kind of drinking instruments to have.

On these and other grounds this Committee ought to oppose this duty to the very last possible moment. The tax is bad, and the evidence before the Committee, in my judgment, did not justify the imposition of the tax, and especially it did not justify its extension to that part of pottery which was not asked for by the applicants, namely, vitrified pottery, which was not included in the application. I oppose this duty with all my heart.

Commander WILLIAMS: I hope when the hon. Gentleman who has just sat down proceeds to elaborate the speech he has just made in different parts of the country—

Mr. BROWN: Nothing of the kind.

Commander WILLIAMS:—he will not omit to give the information that the originator of the Safeguarding of Industries was the very respectable Leader of the Liberal party, the Prime Minister of the Coalition Government—

Mr. BROWN: I opposed it at the time.

Commander WILLIAMS: That interruption is not very relevant.

Mr. BROWN: It is quite relevant.

Commander WILLIAMS: But everyone knows that in these respects one Liberal never supports another Liberal.

Mr. BROWN: Or one Tory another on the Lords question.

Commander WILLIAMS: My real object in rising was to draw attention to two or three points which have been raised. Both the hon. Gentleman who is now sitting on the front Opposition bench and the late Chancellor of the Exchequer poured out a very considerable amount of abuse on these Committees—though perhaps not as strong as they poured out on the Chancellor of the Exchequer—but they poured out much abuse on the Committees which have had to deal with this matter. These Committees, after all, are doing the public service. They have no means of defending themselves, and I think it is not quite up to the high standard of the House of Commons for hon. Members, and particularly the late Chancellor of the Exchequer, to say that these Committees do not endeavour to do their work fairly, honestly and in the interests of the nation as a whole. I believe that members of all parties, to whatever section they belong, if put on this type of Committee would try to give their decision with the same honourable intention, and I believe the front bench of the Opposition would do if any of them were on these Committees.

To leave that point, I think the right hon. Gentleman the ex-Chancellor of the Exchequer has advanced a long way this afternoon in the admissions he has made. He made the admission that his position as regards mathematics was not quite so strong as it used to be. That was known to many of us, but he went on from that to say that he left the Tariff Reform League to work out these matters, presumably because of their greater accuracy. I think that that, coming from him, shows the very great value of the very large number of figures on this question of safeguarding which have been brought out by various parties who believe it is essential in the interests of the country that as a whole we should have a measure of safeguarding such as is contained in this particular Clause. I do not wish to take up much of the time of the Committee, but there is a point which was raised in regard to the proceedings of the Committee which inquired into this industry, and which was raised by the ex-Chancellor of the Exchequer, as to why the workers in that industry did

not take any part in giving evidence before the inquiry. I think it is the very clear and simple reason that, unfortunately, in many places in this country at the present time the workers instead of looking after their industry—or rather the leaders of the workers—are much too engaged in political matters.

The CHAIRMAN: I am afraid the hon. Member is now opening up an entirely new discussion.

Commander WILLIAMS: I had no intention of following that up, but was only replying to the point raised that the workers took no part in this discussion, and to express a wish that in this matter of safeguarding the workers would take a very clear and definite part, because I am convinced in my own mind that this Clause is probably one of the most valuable Clauses in the whole of the Budget and it certainly will have my support.

Mr. MacLAREN: I do not think the hon. Member would have made the remark he has just dropped if he knew the facts. Unfortunately for his case, it so happens there are few industries in this country where employers and employed are more amicably agreed with one another than in the pottery industry.

Commander WILLIAMS: I quite agree, and that particular point has been made before several times in the course of this afternoon, as the hon. Member would know if he had heard all the Debate. I was replying to the point raised by one of his leaders on the Front Opposition bench that the workers did not take part in this inquiry, and I was saying quite clearly I wished they had taken a part. If it be the case, as the hon. Member opposite says, that the workers and employers are working in absolute harmony in this question, then I congratulate the trade and only wish that was extended further.

Mr. MacLAREN: I am afraid the hon. Member does not get exactly what I mean. The point made was that they were deflected by economic and political considerations, rather than attending to their own particular business. I want to assure the hon. and gallant Member that that is not so in the Potteries. The workers

[Mr. MacLaren.]

are divided very much upon this question with regard to safeguarding, but I really want to make it clear that the suggestion that they were deflected by other purposes is not true.

Commander WILLIAMS: There is some misunderstanding between us, because as I understand it, the point the hon. Member made was that the workers and employers in this particular industry were working in the closest possible alliance. Then all I say is, I congratulate the whole industry, both sides, on the success of that condition, and no one would wish to make it any different. To come back to the point to which I was referring, I wish to thank the Government for carrying out this Clause because I believe, as coming from the West country from where a very large amount of the material comes, in the shape of china-clay which is worked into this china, the Government are not merely doing something which will help enormously to encourage an industry which employs highly skilled and efficient workers in the Midlands, but which will also do something to encourage the production of raw material in the West country, which needs it very badly at the present time. I thank the Government most sincerely from the point of view of helping the unemployed, and from the point of view of encouraging trade and manufacture and enabling the Britisher to get an article in this country which, under a better scheme of production, there is no earthly reason why it should not be not only equal in quality but not so expensive as the foreign article.

Mr. CRAWFURD: I would not have intervened in this Debate had it not been for the fact that the hon. Member for Macclesfield (Mr. Remer), by his intervention during the speech of the hon. Member for Leith (Mr. E. Brown), has repeated an allegation which he made during the discussion on the Report Stage of the Resolution. During these discussions I have made two complaints with regard to the procedure adopted in connection with the safeguarding of industries. I have complained in the first place of the action of the President of the Board of Trade in the appointments he has made to these Committees, and I do not feel in the least abashed by what

has been said by the hon. Member for Torquay (Commander Williams). No one on this side of the House will believe that any of these Committees are consciously misrepresenting the evidence they hear. What we say is that people who have a strong bias in one direction, whether they may be members of a Committee or Members of this House, cannot possibly prevent that bias influencing them in the decision they make. The second complaint which I have made, is that this House is supposed to base its judgment upon these duties upon the merits of the case, but we have never been allowed to see the evidence on which the Reports are based. In this particular case, we find that of the three members of the Committee, two took one point of view and one took another view. In other words, the Committee is as divided as it can be about the merits of the question. Even then, this House is not allowed to see the evidence upon which these members have come to their conclusions.

My next point relates to something that has been said by the hon. Member for Macclesfield, and I hope he will take this seriously, because I propose before I have finished to show to him that it is a very serious matter. On the 28th April, 1927, the hon. Member said:

"A further statement was made that the manufacturers who were the applicants in this case refused their balance sheets. That statement is not correct. The statement was made at the last minute by Mr. Comyns Carr, the counsel for the opponents, and the manufacturers made it quite clear that they had never been asked until the last minute to produce their balance sheets."

That was the statement of the hon. Member. He went on to say:

"The Chairman of the Committee stated that Mr. Comyns Carr's statement was most unfair, and Mr. Comyns Carr withdrew the statement in face of what the Chairman had said."—[OFFICIAL REPORT, 28th April, 1927; col. 1088, Vol. 205.]

The hon. Member made that statement in this House about someone who is not able to defend himself, because he is not here; a past Member of this House, and a very respected and very able ex-Member of this House. The hon. Member made a statement that a certain thing said by Mr. Comyns Carr was not correct, and that it was contradicted by the manufacturers. Not one of these statements of the hon. Member is true.

Every one of them is entirely untrue, and I am not saying that without producing my evidence. I have the evidence. One of the disadvantages of the procedure which the President of the Board of Trade has thought fit to pursue is that we have to pick up this evidence for ourselves when allegations of this kind are made by hon. Members opposite. One of the members of the Committee, Mr. Hayhurst, in his report says:

"During the course of the inquiry there has been an evident reluctance on the part of the witnesses appearing on behalf of applicants frankly to table certain details in support of the application, and in this connection the failure of witnesses to produce balance sheets for the inspection of the Committee indicates a lack of confidence in the investigating Committee."

That is a statement of a member of the Committee. One of the people whom we are told we must respect. Further reference was made to the question of balance sheets not only at the last minute, and I want the Committee very carefully to take account of this, but on the 5th, 10th, 12th and 13th day of the inquiry. I have taken the trouble to secure a copy of the evidence on the 21st day of the inquiry and I am going to read certain passages. The question was brought up by Mr. Entwistle in regard to evidence about debentures in the Longton industry.

"Mr. Entwistle: There is no evidence about debentures in the Longton industry at all.

Mr. Farraday: How can there be? They are all partnerships.

The Chairman: They are private companies.

Mr. Entwistle: No capital, no balance sheet, no anything has been produced of that kind.

The Chairman: We have had nothing at all.

Mr. Farraday: The answer is that during the time the German mark was depreciating the British pound was appreciating, so that the boot is on the other leg.

The Chairman: I do not see why we should not have had a balance sheet.

Mr. Entwistle: I do not see why we should not have been trusted.

Mr. Farraday: It was not quite a matter of trusting anyone. It is a matter of introducing irrelevant questions.

Mr. Hayhurst: I very well remember you saying that you were not going to show anything to your opponents, but we are not your opponents.

Mr. Farraday: No. You are our best friends.

Mr. Hayhurst: One hopes so, but one likes to be treated as others would treat us."

I now turn to the speech made by Mr. Comyns Carr in introducing the case for the opponents. He said:

"In every inquiry I have taken part in the manufacturers *in camera* have produced their balance sheets for inspection. We have had no balance sheets here. We have challenged them, we have asked for them, but we have not received them. We cannot, therefore, assume that things are bad with the manufacturers."

The Chairman makes no mention whatever of the fairness or unfairness of that statement.

Mr. REMER: I think the hon. Member is a little unfair to me in bringing forward an accusation about something which happened six weeks ago, without having given me notice that he was going to do so. The Committee is entitled to an explanation. On the night before the Budget Resolutions six very responsible members of the trade met me in one of the Committee Rooms upstairs, and this statement quoted from Mr. Entwistle's remarks were referred to the Committee and it was on their answer to that statement that I made my statement in the House. I am not able to verify it now, because it has only just been sprung upon me, but it was a statement made by six people who were present at the inquiry, and it was made by me in all good faith. All I can say is that I will make inquiries into the matter, and probably deal with it on a subsequent occasion.

Mr. CRAWFORD: I thank the hon. Member for that assurance, but when it comes to a question of my bringing forward a matter without giving him notice, I may say that it was my intention to refer to this matter later this evening and to ask the hon. Member to remain in the House; but he interrupted my hon. Friend the Member for Leith and repeated his accusation. If he says that I have no right to bring forward this matter without giving him notice, he has no right to intervene, when this Committee has no means whatever of judging of the truth of what was said by the responsible or irresponsible people who supplied the information to the hon. Member, particularly when he makes an assertion upon that sort of ground about someone who is not here. This is all of a piece with

[Mr. Crawford.]
 what we may expect from protective duties in this country. We have always said, and it has been said this afternoon from the Front Opposition Bench, that so surely as you begin to introduce tariffs into the fabric of your finance you will get corruption, and you will get people who are simply there to get all there is to be had.

Sir H. CROFT: On a point of Order. The hon. Member has just said, as an instance of what is going to happen, that this Bill will encourage corruption. May I ask if that is an insinuation against anyone in this House?

Mr. CRAWFURD: No. Certainly not.

Sir H. CROFT: On a point of Order. Can such an insinuation be allowed?

The CHAIRMAN: I was waiting for the hon. Member to finish the sentence. I was not able to catch the drift of it.

Sir H. CROFT: He has already practically called the hon. Member for Macclesfield a liar.

Mr. CRAWFURD: The hon. Member must be very careful. He has made his point of order and that point of order has been ruled on, and I am going to reply to it very directly. Nothing that I have said contains any imputation against any Member of this House. I used the phrase "corruption," and what I mean is that not only hon. Members on the other side of the House but hon. Members on this side will be approached by people who may be interested parties in these Duties or these tariffs. It is inevitable. In every country where you have tariffs you have that kind of corruption, and you are bound to have it.

Mr. MacLAREN: The right hon. Gentleman need not sneer.

Mr. CRAWFURD: If the right hon. Gentleman the President of the Board of Trade is casting any doubts on what I am saying, the best answer that he can make on this occasion and on every other occasion is to let the House see and judge for itself the evidence on which he acts. Until he does that, and until we have that, we on this side say that these duties are being imposed by secret Committees

and by methods which are unworthy of the traditions of good finance in this country.

Captain FRASER: Will the hon. Member permit me to ask him a question? He is pleading that the Committees should produce their evidence so that Members of this House may be able to consider it. Does he think that that would facilitate the provisions by manufacturers of the very facts and figures which they must necessarily keep to themselves?

Mr. CRAWFURD: The hon. and gallant Member asks me a perfectly fair question, and my reply is that in the proceedings before these Committees the public are admitted, but some proceedings are taken in camera, and the evidence that is submitted on those occasions is the kind of evidence which manufacturers, in the interests of British industry, do not wish to make public. That protection can still be given. The main evidence on which these conclusions are come to should be put before this House, and unless that is done this House cannot come to a just conclusion.

Mr. MacLAREN: There seems to be some apprehension on the other side as to the righteousness of anyone on this side casting any reflection on the conduct of this inquiry. It was the most comical Committee I ever watched carrying on any business at all. In the Committee there was a lady, there was the Chairman, and Mr. Hayhurst, who seemed to be the only man who held strong and decided views about anything. The Chairman was non-committal, but the lady was very indiscreet very often. If I may be allowed to give an illustration of the qualities of the Committee to make such an inquiry, I think you will find that it will throw some light on the nature of the Committee, and I think the President of the Board of Trade will remember an incident connected with it, about which he was very nervous when I brought the matter up in the House. During the sittings of the Committee a very important matter was raised in connection with the comparison of hours of labour in the different countries. The question was under discussion and much was hinged upon comparative hours of labour in connection with competition. The question was raised by Mr. Faraday, who appears to be the champion of Pro-

tection in this country and other countries. He pointed out that in Germany they worked excessive hours of labour compared with the hours in this country, but that these hours were not included in the statutory number of hours as expressed in the State documents. He said these hours were "preparatory" hours of labour. I hope the President of the Board of Trade will listen to this because it has distinct reference to an incident which he will not forget. Mr. Hayhurst asked Mr. Faraday, the champion of the Tariff Reformers, what he meant by "preparatory" hours of labour. Mr. Faraday seemed nonplussed, but suddenly the lady in the Committee, Lady Askwith, sprang upon the Committee a very clearly defined definition of what "preparatory" work meant. She was asked what she meant because she was evidently quoting from a document. She said she had a private document, supplied to her by the President of the Board of Trade. [HON. MEMBERS: "Why not?"] I quite agree. Why not? It is interesting to know that private documents were supplied to members of the Committee to meet emergencies of that kind, but when Mr. Entwistle, who was defending the opponents, asked that this document might be submitted to him so as to prepare the case against the evidence, he was told that such a document could not be given to him, and the Chairman then ruled that witnesses had a right to submit evidence from any private document, and might refuse to submit them to the other side.

I raised the question afterwards in this House, and I do not think the President of the Board of Trade will forget that day. He had even to send round notice to the Committee that they must not in future carry on like this again, and also he instructed them that the private document made use of should be submitted to the other side. I congratulate him on having done so. I only give this as an illustration of the capacity of the Committee to make an inquiry. The lady had no right to be there at all. I am not saying that in any ungentlemanly way, but to watch the process of the Committee one could not fail to see that this lady was more governed by her political prejudices than by any capacity she might have for the job. It was very evident that there were two very strong Tariff Reformers on that Committee, and

another fighting like a good Co-operative for Free Trade. To speak of this being an impartial inquiry is sheer nonsense. I expected that the recommendations of this Committee and the evidence upon which it was based would in due course come before this House for the usual review of a debate in this Chamber. But no. I do not think sufficient is made about this point. Surely it was the understanding in this House generally, if the Safeguarding policy was to be pursued, that any recommendation made in regard to it would be the subject of a discussion, and a free discussion, in this House. None of the evidence was brought before the House and no discussion was allowed upon it. But the Chancellor of the Exchequer, looking afield for some fancy tax, landed on this wonderful child of the Committee and this duty has been adopted as one of the many ingenious devices in his Budget. I would not become very wroth about the proposal, and I would not wax hot about it, and denounce the Government for having adopted this policy. I would say to the Government now, "Keep your Safeguarding policy and double it, and put more on top of it, and you will do nothing to resuscitate the bone china industry in this country. Felspar china is a cheap shoddy which cannot compare with bone china as a finished product or as the work of a craftsman, and the dishonesty of this whole inquiry is shown by the fact that it is not the bone china industry but the earthenware industry which is being injured by the enormous importation of felspar china into this country. This felspar china is a cheap product, but has a certain amount of daintiness about it, and it is coming into this country and is being sold at a price out of all proportion to its value.

Really, it was not the bone china manufacturers at all but the earthenware manufacturers who felt that they were being displaced by this enormous importation of felspar china. The supporters of Protection in this country seized upon the bone china industry which is becoming more or less a fancy trade, and said to the Committee, "Here is an industry which cannot stand before this felspar competition." The earthenware manufacturers have been largely handicapped by this competition and if, in view of that fact, those manufacturers

[Mr. MacLaren.]

had come forward and asked for safeguarding there would have been some honesty in the appeal. But they did not come forward. That is where the dishonesty comes in in regard to this inquiry. The question was raised as to why some of those who are connected with this industry did not take any interest in this inquiry. The reason is simply because they had never been asked. We are in such a position in many parts of the potteries that it is not altogether safe for many of the employes to express their political convictions. There is a good deal of intimidation. The working people were not greatly interested. The only people really interested were the earthenware manufacturers whose interest it would have been to keep down this competition of felspar china. But they did not appear in the picture—the bone china industry was brought in and now it is put forward that we must have a certain measure of protection against felspar china, and that in that way we are going to help industry in the potteries. Well, you can double your Protection

and even make it four times what it is, and yet you will not provide for the bone china industry.

There are certain technical points one could bring out to prove that case, but I refrain from doing so. I want to support and to reinforce what was said by the last speaker. I do not wish to cast any reflection on this House or on any Member of this House, but I say this, whenever you allow private interests to be a moulding force in the policy of any country, these interests will in time begin to hamper and to influence that policy. I, therefore, quite agree with what has been said regarding possible corruption in the sense of spoiling the pure stream of political thought by the intrusion of private interests. Corruption of this kind is bound to grow in connection with this kind of thing. These are my own personal views on the matter.

Question put, "That the words proposed to be left out stand part of the Clause."

The Committee divided: Ayes, 247; Noes, 100.

[Division No. 228.]

AYES.

[7.43 p.m.]

Acland-Troyte, Lieut.-Colonel
Alexander, Sir Wm. (Glasgow, Cent'l)
Applin, Colonel R. V. K.
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Astor, Viscountess
Atkinson, C.
Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Beckett, Sir Gervase (Leeds, N.)
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Bird, E. R. (Yorks, W. R., Skipton)
Bird, Sir R. B. (Wolverhampton, W.)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowyer, Capt. G. E. W.
Brassey, Sir Leonard
Briggs, J. Harold
Briscoe, Richard George
Brookbank, C. S. R.
Brown-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Bull, Rt. Hon. Sir William James
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.

Cassels, J. D.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbt. R. (Pritmth.S.)
Ceall, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Chamberlain, Rt. Hon. N. (Ladywood)
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Cobb, Sir Cyril
Cockerill, Brig.-General Sir George
Cohen, Major J. Brunel
Colman, N. C. D.
Conway, Sir W. Martin
Cooper, A. Duff
Couper, J. B.
Courthope, Colonel Sir G. L.
Cowan, Sir Wm. Henry (Islington, N.)
Craig, Sir Ernest (Chester, Crewe)
Croft, Brigadier-General Sir H.
Crooke, J. Smedley (Derford)
Crookshank, Col. C. de W. (Berwick)
Curzon, Captain Viscount
Dalkeith, Earl of
Davidson, Major-General Sir J. H.
Davies, Sir Thomas (Cirencester)
Davies, Dr. Vernon
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Drewe, C.
Eden, Captain Anthony
Edmondson, Major A. J.
Ellis, R. G.
Elveden, Viscount
Erskine Lord (Somerset, Weston-a-M.)
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Falls, Sir Bertram G.

Fermoy, Lord
Finburgh, S.
Ford, Sir P. J.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Glyn, Major R. G. C.
Goff, Sir Park
Gower, Sir Robert
Grace, John
Graham, Fergus (Cumberland, N.)
Grattan-Doyle, Sir N.
Greene, W. P. Crawford
Grenfell, Edward C. (City of London)
Grotrian, H. Brent
Gunston, Captain D. W.
Hacking, Captain Douglas H.
Hall, Lieut.-Col. Sir F. (Dulwich)
Hammersley, S. S.
Hannon, Patrick Joseph Henry
Harland, A.
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Hawke, John Anthony
Henderson, Capt. R. R. (Oxt'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Booth)
Heneage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Holt, Captain H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hopkins, J. W. W.
Horne, Rt. Hon. Sir Robert S.
Howard-Bury, Lieut.-Colonel C. K.

Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Hutchison, G. A. Clark (Mid'n & P'b'l's)
 Iliffe, Sir Edward M.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Lamb, J. O.
 Lane Fox, Col. Rt. Hon. George R.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Little, Dr. E. Graham
 Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Looker, Herbert William
 Lougher, Lewis
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir Robert J.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 MacIntyre, Ian
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Maitland, Sir Arthur D. Steel-
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.
 Meller, R. J.
 Merriman, F. B.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monseil, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Col. T. C. R. (Ayr)
 Moore, Sir Newton J.
 Murchison, Sir Kenneth

Newton, Sir D. G. C. (Cambridge)
 Nicholson, O. (Westminster)
 Oakley, T.
 O'Neill, Major Rt. Hon. Hugh
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Pidditch, Sir Philip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Remnant, Sir James
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, Lt.-Col. A. D. McL. (Ranfrew, W.)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)

Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fylde)
 Stanley, Hon. O. F. G. (Westm'land)
 Steel, Major Samuel Strang
 Streatfield, Captain S. R.
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Thompson, Luke (Sunderland)
 Tryon, Rt. Hon. George Clement
 Turton, Sir Edmund Russborough
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Wilson, Sir Murrough (Yorks, Richm'd)
 Wilson, R. R. (Stafford, Lichfield)
 Winby, Colonel L. P.
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Chesh'r, Stalyb'dge & Hyde)
 Wragg, Herbert
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Sir Harry Barnston and Mr.
 F. C. Thomson.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Bates, Joseph
 Beckett, John (Gateshead)
 Briant, Frank
 Broad, F. A.
 Bromley, J.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Charleton, H. C.
 Cluse, W. S.
 Clynes, Right Hon. John R.
 Connolly, M.
 Crawford, H. E.
 Dalton, Hugh
 Day, Colonel Harry
 Dennison, R.
 Dunnico, H.
 Edwards, J. Hugh (Accrington)
 Evans, Capt. Ernest (Welsh Univer.)
 Fenby, T. D.
 Gardner, J. P.
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenall, T.
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Groves, T.

Grundy, T. W.
 Hall, F. (York, W.R., Normanton)
 Hall, G. H. (Merthyr Tydfil)
 Hardie, George D.
 Harris, Percy A.
 Harshorn, Rt. Hon. Vernon
 Hirst, G. H.
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, T.
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lawth, T.
 Lunn, William
 MacLaren, Andrew
 MacNeill-Weir, L.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Naylor, T. E.
 Oliver, George Harold
 Palin, John Henry
 Pethick-Lawrence, F. W.
 Potts, John S.
 Rees, Sir Beddoe
 Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W. R., Elland)
 Rose, Frank H.
 Scrymgeour, E.

Scurr, John
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sinclair, Major Sir A. (Calthness)
 Smith, H. B. Lees (Keighley)
 Smith, Rennie (Penistone)
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Sullivan, J.
 Thorne, G. R. (Wolverhampton, E.)
 Thorne, W. (West Ham, Plalstow)
 Thurtle, Ernest
 Tinker, John Joseph
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Wellock, Wilfred
 Welsh, J. C.
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr.
 Whiteley.

Mr. PETHICK-LAWRENCE: I beg to move, in page 5, line 4, to leave out the words "nineteenth day of April," and to insert instead thereof, the words "first day of May."

The duty, according to the Finance Bill, comes into operation on the 19th April. My Amendment is to delay the coming into operation of the duty until 1st May. The reason for that is very simple. There were at the time when the duty was imposed a great many consignments already on their way, and when the actual days are remembered it will be seen that the Report of the Committee was on 8th April, which was the first announcement of the proposal to impose the duty, that a speech announcing the duties was made three days later, on 11th April, and then Good Friday, 15th April came, on which the Customs were closed. The Saturday following, the 16th, the Customs were closed nearly all day, and the duties came into force on the 18th. There were only 10 days between the Report of the Committee and the coming into effect of the duty, and it will be remembered that many of these consignments came from a very long distance, and therefore started before any indication that the duty had been imposed had reached them, and many of them had been on the sea for six weeks. It is felt that this very rapid imposition of the duty before any of the consignments could be stopped is very unfair, for commitments were entered into which could not reasonably be carried out, and very great hardship arose. In cases of other countries which imposed duties against our manufacturers they were protected against the sudden imposition of duties of this kind.

One of the reasons given for putting on these duties rapidly is the fear of evasion. That reason cannot arise when the time has now considerably gone by, and the actual amount of goods which came into the country is known. It may be thought by some Members of the Committee that to do this retrospectively is absurd, and it could not reasonably be carried out, but, as a matter of fact, there is a definite precedent for doing this thing. In 1925 three Safeguarding Committees reported in favour of duties. They were the Cutlery, Glass and Gas Mantles Committees. The Reports were published in November in that year, and in December

Parliament was asked to give effect to these duties and to fix the date for 23rd December. These industries have already had considerable notice that the duties were to be imposed. Nevertheless, some months afterwards, the date was retrospectively altered from 23rd December to 1st January. I have here, if the Committee wish to be troubled with it, the actual order which was published by the Commissioner of Customs and Excise postponing the duties retrospectively in this way. There is, therefore, a precedent, and in view of the very great hardship which would be inflicted if the 19th April were strictly adhered to, I hope this very reasonable request will be conceded by the President of the Board of Trade on this occasion.

Sir P. CUNLIFFE-LISTER: The Treasury attach very considerable importance to this matter, and I am afraid it is quite impossible to accept the Amendment. The hon. Gentleman will remember that the Committee considered very carefully the question of dates on which this duty should come into force. The decision was that the duty should come into force forthwith. If we gave this concession to-day, it would operate in all cases, and this would be the worst case of all. The amount of the import duties in the earlier months of this year shows that the importers were fully alive to the possibility of this duty being imposed. We, therefore, could not possibly give way.

Mr. MACQUISTEN: There is another precedent for the Amendment, and it is that in 1921, when the German Reparations were on, and a number of people had bought and rebought, heavy duties were imposed, and the Chancellor of the Exchequer of that day dated back the duties to give the people who had contracts abroad time to get them in. I have a similar case in connection with motor tyres where a man had some tyres which had not actually arrived. It was on the seas, and it was going to bust his business. Notwithstanding the fact that it is a precedent, the Treasury might in a case where it is obvious that there is no attempt at dumping, make some arrangement and not stick to the cast-iron principle as in the case of motor tyres.

Mr. E. BROWN: I regret the statement of the President of the Board of

Trade, not only on the point made by the hon. and learned Member for Argyll (Mr. Macquisten), but about the duty under discussion. There is a great deal of dubiety about the pottery which comes, or does not come, under this duty, and it is extremely hard on the importers of this pottery whose articles have been ruled by the Customs and Excise unexpectedly to come within the duty. It is extremely hard on those who have forward contracts to have to face up to this duty so suddenly without any warning whatever. I, therefore, support the Amendment, which is similar to that in the name of three of my hon. Friends but for a longer period.

Mr. GILLET: We have as a precedent the case where the Treasury made an exception. If they have done it once they should do it again. It seems to me, in view of the importance of our business relations, which affect us more than any other country that, taking a broad view of the question, you ought to have thought that it would be wiser and in our interests to make this concession.

Question put, "That the words proposed to be left out stand part of the Clause."

The Committee divided: Ayes, 236; Noes, 96.

Division No. 229.]

AYES.

[8.2 p.m.]

Acland-Troyte, Lieut.-Colonel
Alexander, Sir Wm. (Glasgow, Cent'l)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Astor, Viscountess
Atkinson, C.
Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Birchall, Major J. Dearman
Bird, E. R. (Yorks, W. R., Skipton)
Bird, Sir R. B. (Wolverhampton, W.)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Colonel Sir T. Vansittart
Bowyer, Captain G. E. W.
Brassey, Sir Leonard
Briggs, J. Harold
Briscoe, Richard George
Brocklebank, C. E. R.
Broun-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Bull, Rt. Hon. Sir William James
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.
Cassels, J. D.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbt. R. (Prismth.S.)
Ceeli, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Chamberlain, Rt. Hon. N. (Ladywood)
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.
Cobb, Sir Cyril
Cockerill, Brig.-General Sir George
Colman, N. C. D.
Conway, Sir W. Martin
Cooper, A. Duff

Couper, J. B.
Cowan, Sir Wm. Henry (Islington, N.)
Craig, Sir Ernest (Chester, Crewe)
Croft, Brigadier-General Sir H.
Cooke, J. Smedley (Deritend)
Crookshank, Col. C. de W. (Berwick)
Dalkeith, Earl of
Davidson, Major-General Sir J. H.
Davies, Sir Thomas (Cirencester)
Davies, Dr. Vernon
Davison, Sir W. H. (Kensington, S.)
Dawson, Sir Phillip
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Drewe, C.
Edmondson, Major A. J.
Ellis, R. G.
Erskine, Lord (Somerset, Weston-s.-M.)
Everard, W. Lindsay
Falle, Sir Bertram G.
Fermoy, Lord
Finburgh, S.
Ford, Sir P. J.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Glyn, Major R. G. C.
Gower, Sir Robert
Grace, John
Graham, Fergus (Cumberland, N.)
Grattan-Doyle, Sir N.
Greene, W. P. Crawford
Greenwood, Rt. Hon. Sir H. (W'th's.w.F.)
Grenfell, Edward C. (City of London)
Grotrian, H. Brent
Gunston, Captain D. W.
Hacking, Captain Douglas H.
Hall, Lieut.-Col. Sir F. (Dulwich)
Hammersley, S. S.
Hannon, Patrick Joseph Henry
Harland, A.
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Hawke, John Anthony
Henderson, Capt. R.R. (Oxt'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Holt, Capt. H. P.

Hope, Capt. A. O. J. (Warw'k, Nun.)
Hopkins, J. W. W.
Howard-Bury, Lieut.-Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hume, Sir G. H.
Hunter-Weston, Lt.-Gen. Sir Aylmer
Huntingfield, Lord
Hutchinson, G.A. Clark (Mid'n & P'b'l's)
Iliffe, Sir Edward M.
Jephcott, A. R.
Jones, G. W. H. (Stoke Newington)
Kidd, J. (Linlithgow)
King, Commodore Henry Douglas
Lamb, J. O.
Lister, Cunliffe, Rt. Hon. Sir Philip
Little, Dr. E. Graham
Lloyd, Cyril E. (Dudley)
Loder, J. de V.
Looker, Herbert William
Lougher, Lewis
Lucas-Tooth, Sir Hugh Vere
Luce, Maj.-Gen. Sir Richard Harman
Lumley, L. R.
Lynn, Sir Robert J.
Macdonald, Capt. P. D. (I. of W.)
Macdonald, R. (Glasgow, Cathcart)
Macmillan, Captain H.
Macnaughten, Hon. Sir Malcolm
McNeill, Rt. Hon. Ronald John
Maitland, Sir Arthur D. Steel-
Makins, Brigadier-General E.
Malone, Major P. B.
Margesson, Captain D.
Mason, Lieut.-Col. Glyn K.
Meiler, R. J.
Merriman, F. B.
Meyer, Sir Frank
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Sir Newton J.
Murchison, Sir Kenneth
Newton, Sir D. G. C. (Cambridge)
Nicholson, O. (Westminster)
Oakley, T.
Penny, Frederick George
Perkins, Colonel E. K.
Perring, Sir William George
Peto, G. (Somerset, Frome)
Pilcher, G.
Pilditch, Sir Philip
Power, Sir John Cecil
Pownall, Sir Asheton
Radford, E. A.
Raine, Sir Walter
Ramsden, E.

Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Remnant, Sir James
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, Lt.-Col. A. D. Mcl. (Renfrew, W.)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)

Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fylde)
 Stanley, Hon. O. F. G. (Westm'eland)
 Steel, Major Samuel Strang
 Streatfeild, Captain S. R.
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Thompson, Luke (Sunderland)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles

Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Willson, R. R. (Stafford, Lichfield)
 Winby, Colonel L. P.
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Chest'r, Stalyb'dge & Hyde)
 Wragg, Herbert
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Mr. F. C. Thomson and Captain
 Viscount Curzon.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Beckett, John (Gateshead)
 Broad, F. A.
 Bromley, J.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Charleton, H. C.
 Cluse, W. S.
 Clynes, Rt. Hon. John R.
 Connolly, M.
 Dalton, Hugh
 Day, Colonel Harry
 Dennison, R.
 Edwards, J. Hugh (Accrington)
 Evans, Capt. Ernest (Welsh Univer.)
 Fenby, T. D.
 Forrest, W.
 Gardner, J. P.
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenall, T.
 Granfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.

Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hardie, George D.
 Harris, Percy A.
 Hartshorn, Rt. Hon. Vernon
 Hirst, G. H.
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, T.
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lowth, T.
 Lunn, William
 MacLaren, Andrew
 MacNeill-Welr, L.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Naylor, T. E.
 Oliver, George Harold
 Palin, John Henry
 Pethick-Lawrence, F. W.
 Potts, John S.
 Rees, Sir Beddoe
 Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W. R., Elland)
 Rose, Frank H.

Scrimgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wadnesbury)
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Penistone)
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Sullivan, Joseph
 Thorne, G. R. (Wolverhampton, E.)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Wellock, Wilfred
 Welsh, J. C.
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr.
 Whiteley.

Mr. PETHICK-LAWRENCE: I beg to move, in page 5, line 7, to leave out the words "or vitrified pottery."

The reason I ask for the omission of these words is that vitrified pottery was not really a subject of inquiry at all. Vitrified pottery, in the view of the trade, means earthenware. It does not mean china, and, when the earthenware and when the inquiry was fixed to deal with china, earthenware was entirely excluded because it was supposed that all forms of earthenware would be excluded from any question of duty. It was, there-

fore, a very great surprise to the trade, after the terms of reference and after the way in which the question had been handled, that at the last minute vitrified pottery was included with translucent pottery in the proposals of the Committee. If there had been any suggestion from the beginning that vitrified pottery would be included, evidence ought to have been given in regard to the earthenware which would be classed under that description. But, as there was no expectation that it would be so included, all evidence relating to earthenware was most carefully

excluded from the inquiry. No figures were given, and it was confidently supposed that the inquiry would be confined to translucent pottery. There are very large numbers of articles which, in the general definitions of the trade, are included in this term. It is, therefore, very difficult to know what will be admitted free of duty. When the proposal came into force, the greatest confusion prevailed, and the importers were in doubt whether every article of earthenware should not be included under these terms. I understand that the Customs officials have not taken an extreme view and included all sorts of articles that could possibly be described as vitrified pottery, but they have confined themselves to a certain number, and, in that respect, the situation is better than it possibly might have been.

The fact remains that the very greatest uncertainty and difficulty prevails at the present time as to what is going to be included and what is to be excluded, and it is largely because of that difficulty that we suggest that vitrified pottery should be omitted from the scope of this taxation. It is exceedingly harassing, because it includes a great number of articles which are certainly not translucent pottery or china, and it creates the utmost confusion because, where you are dealing with portions of a trade in this way, it is exceedingly difficult to know what will or what will not be included by the Customs. Therefore, I hope the right hon. Gentleman the President of the Board of Trade, who, I think, rather unnecessarily ruled out our last Amendment, which was a small one, will not do that on this occasion, but will make this concession largely in the interests of clarity, so that people may know what imports will be subject to taxation and what will not.

Sir B. CHADWICK: In reference to what the hon. Gentleman has said I may say that the word "vitrified" was introduced for the sake of clarity, and in order that the duty shall operate as it is intended to operate, it was thought by the Committee that the word should be introduced. Though the imported china may be non-translucent, it might be altered by the introduction of oxide, and therefore the Committee has recommended that the duty shall extend to all vitrified

pottery. I should like to give the Committee a definition of vitrified pottery. I want to give the hon. Member the actual facts as to what takes place, and how the introduction of these words will relieve the Customs officials instead of embarrassing them as he suggests. In general language the expression "vitrified" may be explained in this way. In the manufacture of glass various materials such as sand, soda and potash are mixed and raised to a high temperature so that they fuse or melt and flow together. Precautions are, of course, normally taken to see that the resulting product is colourless.

Glass is pre-eminently a vitrified product. In the case of china, various clays are mixed with certain fluxes, easily fusible bodies. When the temperature is raised, the fluxes melt with some of the material in the body and form what may be regarded roughly as a vitreous or glassy mass in which the unfused particles of clay are disseminated. That is vitrified pottery. Let me also give the Committee a clear definition of vitrified earthenware pottery; a great deal has been said about the difficulty of distinguishing earthenware from translucent pottery. In the case of earthenware there is no component in the body which melts or flows at the temperature at which the body is fired. That is unvitrified pottery. The vitrified pottery is non-porous while the unvitrified pottery is porous and this is the clear distinction between china and porcelain on the one hand and earthenware on the other. I hope that explanation will satisfy the hon. Member and will clear away any confusion which may exist in his mind.

Mr. E. BROWN: I accept the explanation given by the Parliamentary Secretary in so lucid a form. The term "vitrified pottery" will bring inside this duty a great range of articles which are commonly consumed by the poorest people, because they are the heavier ware. It is our contention that this range of articles was not inside the terms of reference, and I therefore join with the hon. Member in opposing this duty. We consider that the Committee had no right to go outside their terms of reference and recommend a duty on articles which are not within their terms of reference.

Question put: "That the words proposed to be left out stand part of the Clause."
The Committee divided: Ayes, 228; Noes, 95.

Division No. 230.]

AYES.

[8.20 p.m.]

Acland-Troyte, Lieut.-Colonel
Alexander, Sir Wm. (Glasgow, Cent'l)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Astor, Viscountess
Atkinson, C.
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Birchall, Major J. Dearman
Bird, E. R. (Yorks, W. R., Skipton)
Bird, Sir R. B. (Wolverhampton, W.)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowyer, Capt. G. E. W.
Brassey, Sir Leonard
Briggs, J. Harold
Briscoe, Richard George
Brocklebank, C. E. R.
Brown-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Bull, Rt. Hon. Sir William James
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.
Cassels, J. D.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)
Ceill, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. W.
Colman, N. C. D.
Conway, Sir W. Martin
Couper, J. B.
Cowan, Sir Wm. Henry (Islington, N.)
Craig, Sir Ernest (Chester, Crewe)
Croft, Brigadier-General Sir H.
Crooke, J. Smedley (Deritend)
Crookshank, Col. G. de W. (Berwick)
Dalkeith, Earl of
Davidson, Major-General Sir J. H.
Davies, Sir Thomas (Gloucester)
Davies, Dr. Vernon
Davison, Sir W. H. (Kensington, S.)
Dawson, Sir Philip
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Edmondson, Major A. J.
Elliot, Major Walter E.
Ellis, R. G.
Erskine, Lord (Somerset, Weston-s.-M.)
Everard, W. Lindsay
Fermoy, Lord
Finburgh, S.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Glyn, Major R. G. C.
Grace, John
Graham, Fergus (Cumberland, N.)
Grattan-Doyle, Sir N.
Greene, W. P. Crawford
Greenwood, Rt. Hon. Sir H. (W'th's'w, E)
Grenfell, Edward C. (City of London)
Grotrian, H. Brent
Gunston, Captain D. W.
Hacking, Captain Douglas H.
Hall, Lieut. Col. Sir F. (Dulwich)
Hammersley, S. S.
Hannon, Patrick Joseph Henry
Harland, A.
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Hawke, John Anthony
Henderson, Capt. R. R. (Oxf'd, Henlry)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hoag, Rt. Hon. Sir D. (St. Marylebone)
Holt, Captain H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hopkins, J. W. W.
Howard-Bury, Lieut.-Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hume, Sir G. H.
Hunter-Weston, Lt.-Gen. Sir Aylmer
Huntingfield, Lord
Hutchison, G. A. Clark (Mid'n & P'b'l's)
Iliffe, Sir Edward M.
Jephcott, A. R.
Kidd, J. (Linlithgow)
King, Commodore Henry Douglas
Lamb, J. O.
Lister, Cunliffe, Rt. Hon. Sir Philip
Little, Dr. E. Graham
Lloyd, Cyril E. (Dudley)
Loder, J. de V.
Looker, Herbert William
Lougher, Lewis
Lucas-Tooth, Sir Hugh Vere
Luce, Maj.-Gen. Sir Richard Harman
Lumley, L. R.
Lynn, Sir R. J.
Macdonald, Capt. P. D. (I. of W.)
Macdonald, R. (Glasgow, Cathcart)
MacMillan, Captain H.
Macnaughten, Hon. Sir Malcolm
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Maitland, Sir Arthur D. Steel
Makins, Brigadier-General E.
Malone, Major P. B.
Mason, Lieut.-Col. Glyn K.
Meller, R. J.
Merriman, F. B.
Meyer, Sir Frank
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Monseil, Eyres, Com. Rt. Hon. B. M.
Moore, Sir Newton J.
Murchison, Sir Kenneth
Nicholson, O. (Westminster)
Oakley, T.
Penny, Frederick George
Perkins, Colonel E. K.
Perring, William George
Peto, G. (Somerset, Frome)
Pilcher, G.
Pliditch, Sir Philip
Power, Sir John Cecil
Pownall, Sir Assheton
Radford, E. A.
Raine, Sir Walter
Ramsden, E.
Rawson, Sir Cooper
Reid, D. D. (County Down)
Remer, J. R.
Remnant, Sir James
Rice, Sir Frederick
Richardson, Sir P. W. (Sur'y, Ch'ts'y)
Roberts, Sir Samuel (Hereford)
Ropner, Major L.
Russell, Alexander West (Tynemouth)
Rye, F. G.
Samuel, A. M. (Surrey, Farnham)
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sanderson, Sir Frank
Sandon, Lord
Sassoon, Sir Philip Albert Gustave D.
Savery, S. S.
Shaw, Lt.-Col. A. D. McL. (Renfrew, W)
Sheffield, Sir Berkeley
Shepperson, E. W.
Simms, Dr. John M. (Co. Down)
Sinclair, Col. T. (Queen's Univ., Belfast)
Skelton, A. N.
Slaney, Major P. Kenyon
Smith, R. W. (Aberd'n & Kine'dine, C.)
Smith-Carlington, Neville W.
Somerville, A. A. (Windsor)
Sprot, Sir Alexander
Stanley, Lieut.-Colonel Rt. Hon. G. F.
Stanley, Hon. O. F. G. (Westm'land)
Steel, Major Samuel Strang
Streatfeild, Captain S. R.
Stuart, Hon. J. (Moray and Nairn)
Styles, Captain H. W.
Suster, Rear-Admiral Murray Fraser
Sugden, Sir Wilfrid
Sykes, Major-Gen. Sir Frederick H.
Tasker, R. Inigo.
Thompson, Luke (Sunderland)
Thomson, F. C. (Aberdeen, S.)
Tinne, J. A.
Tryon, Rt. Hon. George Clement
Vaughan-Morgan, Col. K. P.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watson, Rt. Hon. W. (Carlisle)
Watts, Dr. T.
Wells, S. R.
Wheler, Major Sir Granville C. H.
White, Lieut.-Col. Sir G. Dalrymple
Williams, A. M. (Cornwall, Northern)
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Wilson, R. R. (Stafford, Lichfield)
Winby, Colonel L. P.
Windsor-Clive, Lieut.-Colonel George
Winterton, Rt. Hon. Earl
Wise, Sir Fredric
Wolmer, Viscount
Womersley, W. J.
Wood, E. (Ches't'r, Stalyb'ge & Hyde)
Wragg, Herbert
Yerburgh, Major Robert D. T.
Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
Captain Lord Stanley and Captain
Margesson.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Beckett, John (Gateshead)
 Broad, F. A.
 Bromley, J.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Charleton, H. C.
 Cluse, W. S.
 Connolly, M.
 Crawford, H. E.
 Dalton, Hugh
 Day, Colonel Harry
 Dennison, R.
 Dunnico, H.
 Edwards, J. Hugh (Accrington)
 Evans, Capt. Ernest (Welsh Univer.)
 Fenby, T. D.
 Forrest, W.
 Gardner, J. P.
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenall, T.
 Grentell, D. R. (Glamorgan)

Groves, T.
 Grundy, T. W.
 Hall, F. (York, W.R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hardie, George D.
 Harris, Percy A.
 Hartshorn, Rt. Hon. Vernon
 Hirst, G. H.
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, T.
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lowth, T.
 Lunn, William
 MacLaren, Andrew
 MacNeill-Weir, L.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Naylor, T. E.
 Oliver, George Harold
 Pallin, John Henry
 Pethick-Lawrence, F. W.
 Potts, John S.
 Rees, Sir Beddoe
 Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W.R., Elland)

Rose, Frank H.
 Scrymgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Smith, H. B. Lees (Keighley)
 Smith, Rennie (Penistone)
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Sullivan, J.
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Wellock, Wilfred
 Welsh, J. C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, E.)
 Williams, Dr. J. H. (Llanelli)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr.
 Whiteley.

Mr. E. BROWN: I beg to move, in page 5, line 8, to leave out the words, "suitable for use," and to insert instead thereof the words, "of a description commonly used."

I move this Amendment in a form which is slightly different from that appearing on the Paper.

Sir P. CUNLIFFE-LISTER: I am prepared to accept the Amendment.

Mr. BROWN: Then there is no need to argue the point. The Amendment is designed to leave out certain fancy articles which are only used in connection with breakfast sets and are not essential to the primary purpose of the report.

Amendment agreed to.

Mr. E. BROWN: I beg to move, in page 5, line 10, to leave out the words, "one pound and eight," and to insert instead thereof the word "fourteen."

The object of this Amendment is to lower the rate of duty from £1 8s. per cwt. to 14s. per cwt. and thereby to bring it nearer the application made to the Committee, which was for a duty approximating to 33½ per cent. This point was debated at great length on the first Amendment to this Clause and I think it is only treating the Committee fairly

if I refrain from adding any facts and figures to the arguments submitted previously.

Mr. LEES-SMITH: It may assist the Committee and expedite business if, instead of moving an Amendment standing in my name later on the Paper—to insert the words "or thirty-three and one-third per cent. of the value, whichever is the less"—which covers much the same point, I make at this stage any observations which we wish to make on this point. That will free the President of the Board of Trade from the objection to a particular form of argument which he expressed during the Debate on the main question. We wish to support the Amendment by certain figures which have been brought to our attention. We have had brought before us figures which indicate that when the Committee said that a duty of 28 shillings per cwt. was equivalent to an *ad valorem* duty of 33½ per cent., they had not sufficient evidence before them, and that, in fact, they laid down a duty higher than that which they had in mind in their statement about the equivalence of the specific and the *ad valorem* duty. I do not anticipate that this Amendment will be accepted, but I suggest that with the evidence which we have, and the evidence a part of which, at any rate, the right hon. Gen-

[Mr. Lees-Smith.]

tleman has, he should give us an undertaking to look into these figures again and satisfy us on the Report stage that the intention of the committee of inquiry is being carried out. A duty of 33½ per cent. at the factory becomes equivalent to a duty of, say, 40 per cent. or thereabouts c.i.f. If this duty were merely equivalent to 40 per cent. or so, c.i.f., we should not be using the particular argument which we are using now; but our evidence is that this duty is going to work out on the average, on the main classes of pottery, at over 50 per cent.—nearer 60 per cent.—and in many cases at between 60 and 70 per cent.

The President was furnished with certain schedules in which it was argued that such would be the result. He has this afternoon quoted one single example taken from those schedules. Does he say that, taking all the schedules submitted to him, the average duty works out at 33½ per cent.? If that be so, they contradict the figures in the annual returns of the Board of Trade. If we take those returns for any year in the last five years and divide the total weight of imports by the total value, we get a duty of nearer 50 than 40 per cent. But the figures in the Board of Trade returns include all classes of pottery. They include Copenhagen ware and rare Japanese pottery on which the average is much less than 33½ per cent. I think it has been said to go down to about 3 per cent. in some of these cases. That being so, it follows that on the main classes of pottery, to which the committee refer, and in connection with which they wish to secure an *ad valorem* duty of 33½ per cent., the average duty is nearer 50 per cent. In fact, the duty is far nearer to those figures which we have indicated as resulting from the evidence submitted to us. That is why we believe these figures have not been tested with sufficient accuracy. So far as we know, they were not tested at all by the committee of inquiry. There is no evidence of any figures on this subject having been submitted to them, and they do not say how they arrived at their conclusion. The inquiries have been simply those which have taken place subsequently at the Board of Trade, and we wish to ask the President whether he will repeat them

and call for full information on this subject, and, if necessary, bring up revised terms on the Report stage.

Sir P. CUNLIFFE-LISTER: I do not want to go over the whole of the answer which I gave on the main Debate. The figures have been carefully considered; they were considered not only after the Report was presented but while the Committee were sitting. While it is true that in some cases the duty is considerably above 33½ per cent., in other cases it is considerably lower. That will always happen with a specific duty, and in this case the specific duty is much more convenient than an *ad valorem* duty. It is quite true that some of the figures submitted show a higher duty on some commodities. They were all based on factory cost, which, of course, is an entirely unsound basis on which to calculate the duty. The C.I.F. price would, I should think, add another 10 per cent. to the value. The illustration I quoted to the House was not quoted because it favoured my contention. I quoted it because it was an example given by the man who, I understand, asked to give evidence on behalf of the opponents in this case. Everybody naturally will produce the arguments which are most convenient to his own case, but I am checking this figure in this way. I have taken the figures of prices which were produced by the opponents, showing what are the costs of production here and what are the prices at which the foreign articles are sold. The figures I gave included "tea-sets, 5s. to 6s. 9d." That means a duty varying from 24 per cent. to 33½ per cent. In the case of certain special Czechoslovakian ware, the duty works out at 36 per cent. There are certain to be variations one way or the other. Cases could be given showing the duty to be as low as 18 per cent. What we have got is a pretty good working average, and I must ask the Committee to adhere to the rate of duty.

I am much obliged to the hon. Member for Keighley (Mr. Lees-Smith) for raising his point on this Amendment, and so saving a debate on his further Amendment. I feel sure that his proposal to have an alternative duty, so that it would be possible to charge either a specific duty or an *ad valorem* duty, would be the most inconvenient course. This china comes in in consignments of varying

value, and the Customs officers would have to hold up each article to decide the weight or value, and consignments would have to be broken up in order that we could decide, in the case of each article in the consignment, whether the *ad valorem* or the specific duty was to be charged.

Mr. GILLET: Our fundamental difficulties still remain, in spite of the speech of the right hon. Gentleman, because we have grave doubts about the assurances given by hon. Members opposite that this duty is not going to be thrown on the consumer, and the method of levying the duty according to the weight of the article is certainly going to throw the heaviest duty on the very goods which are used by the poorest people. Although that argument must be very familiar to the Minister, he has not in any way met it. I understand that the china and glassware section of the London Chamber of Commerce investigated the effect of the duty upon some typical goods imported, and they estimated that the duty would range as high as 60 per cent. or 70 per cent. The one exception worked out at 45 per cent., and in that case the goods were of a rather thinner make, showing that in the case of the more expensive goods the duty is lighter. Take the case of Longton china and a 21-piece tea-set sold at 13s. 2d., and compare that with a cheap china set which may be sold at 4s. 6d. Under the method by which this duty is being imposed, the cheap set, the set used by the poorer people, is the one that is penalised.

I have here one or two other illustrations which were brought to my notice. In the case of a tea-set valued at £10 4s. 2d., the duty worked out at £5 2s. In the case of some cups and saucers valued at £5 4s. 2d., the duty worked out at £5 10s. Because this ware was heavy stuff the duty amounted to more than the value of the goods themselves. An hon. Member speaking earlier in the Debate said British manufacturers had assured him they were not going to alter the price of their goods. That statement ignores one important point, because they have been telling us they are not selling their goods at the present time through being undercut by the cheaper foreign imports. It is obvious that, if they are going on selling, in spite of this duty, at the price at

which they are selling to-day, they are counting upon the duty preventing the cheaper stuff from coming in, and, although they may not alter their prices to the consumer, he would have his prices raised, because he would be compelled to buy the English ware at a higher price. There is a certain fallacy in the argument that the manufacturers are not going to alter their prices. Of course, they are not; there is no need for them to do so if foreign ware is to be prevented from coming in, because that will leave the market secure for the English maker; but it still leaves the fact that the consumer is going to bear the extra cost, or at any rate part of it. On these grounds we attach great importance to this question, and I very much regret that the Minister has not seen his way to meet us.

Mr. RILEY: Although there is force in what the Minister said with regard to the difficulty of adopting an *ad valorem* duty rather than a specific duty, that does not apply to a specific duty at a lower rate than is set forth in the Clause. The Minister, in his reply, has not met at all the substantial objection that, as the duty stands, it presses very heavily upon the people who are least in a position to bear it. We have also been told that, in spite of what the Minister has said, so far as regards the goods which have come in since the duty came into operation, the average duty has worked out at about 42 per cent. How the Minister justifies the statement that he makes it actually less, namely 34 or 35 per cent., I do not know.

It has been admitted in the Committee this afternoon that actual experience, since the duty began to operate, has shown that it averaged about 42 per cent. That indicates that the class of goods in use by the poorest people and in the greatest demand is the class of goods which is going to bear the largest proportion of this duty, while goods of better quality will have only a very small duty imposed upon them. The Minister has not met that substantial objection. It has not been denied that the vast bulk of the pottery which is imported and which comes under these duties is pottery of cheaper quality, and that, therefore, it will bear, under a specific duty, a higher and not a lower duty. That being the case, I submit that the Minister

[Mr. Riley.]
should face the fact that the incidence of the duty as it now stands is not fair. I also submit, as an additional reason for accepting this Amendment, that clearly the Committee, when they were examining the request of the applicants, had before them the view that the duty as a whole would be 33½ per cent. They probably saw the difficulty of fixing an *ad valorem* duty, and they therefore

recommended a specific duty. It is known that a duty of 28s. per cwt. amounts to more than 33½ per cent., and I therefore urge the Minister to meet those who are moving this Amendment.

Question put, "That the words proposed to be left out stand part of the Clause."

The Committee divided: Ayes, 225; Noes, 94.

Division No. 231.]

AYES.

[8.52 p.m.]

Acland-Troyte, Lieut.-Colonel
Alexander, Sir Wm. (Glasgow, Cent'l)
Appin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Astor, Viscountess
Atkinson, C.
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Berterton, Henry B.
Birchall, Major J. Dearman
Bird, E. R. (Yorks, W. R., Skipton)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Colonel Sir T. Vansittart
Bowyer, Capt. G. E. W.
Brassey, Sir Leonard
Briggs, J. Harold
Briscoe, Richard George
Brocklebank, C. E. R.
Brown-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buckingham, Sir H.
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.
Cassels, J. D.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbt. R. (Prtsmth. S.)
Cazalet, Captain Victor A.
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Colman, N. C. D.
Conway, Sir W. Martin
Couper, J. B.
Cowan, Sir Wm. Henry (Islington, N.)
Craig, Sir Ernest (Chester, Crewe)
Crooke, J. Smedley (Derlind)
Crookshank, Col. C. de W. (Berwick)
Dalkeith, Earl of
Davidson, Major-General Sir John H.
Davies, Sir Thomas (Cirencester)
Davies, Dr. Vernon
Dayson, Sir W. H. (Kensington, S.)
Dawson, Sir Phillip
Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Edmondson, Major A. J.

Elliot, Major Walter E.
Ellis, R. G.
Elveden, Viscount
Erskine, Lord (Somerset, Weston-s.-M.)
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Fallie, Sir Bertram G.
Fermoy, Lord
Finburgh, S.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Grace, John
Graham, Fergus (Cumberland, N.)
Greene, W. P. Crawford
Greenwood, Rt. Hon. Sir H. (W'ith's'w, E.)
Grenfell, Edward C. (City of London)
Grotrian, H. Brent
Gunston, Captain D. W.
Hackling, Captain Douglas H.
Hall, Lieut.-Col. Sir F. (Dulwich)
Hall, Capt. W. D'A. (Brecon & Rad.)
Hammersley, S. S.
Hannon, Patrick Joseph Henry
Harland, A.
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Hawke, John Anthony
Henderson, Capt. R. R. (Oxf'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Holt, Capt. H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hopkins, J. W. W.
Howard-Bury, Lieut.-Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hume, Sir G. H.
Hunter-Weston, Lt.-Gen. Sir Aylmer
Huntingfield, Lord
Hutchison, G. A. Clark (Mid'n & P'b'l's)
Iliffe, Sir Edward M.
Jephcott, A. R.
Kidd, J. (Llithgow)
King, Commodore Henry Douglas
Lamb, J. Q.
Cister, Cunliffe, Rt. Hon. Sir Phillip
Little, Dr. E. Graham
Lloyd, Cyril E. (Dudley)
Loder, J. de V.
Looker, Herbert William
Lougher, Lewis
Lucas-Tooth, Sir Hugh Vere
Luce, Major-Gen. Sir Richard Harman
Lumley, L. R.
Lynn, Sir R. J.
Macdonald, Capt. P. D. (I. of W.)
Macdonald, R. (Glasgow, Cathcart)

Macmillan, Captain H.
Macnaghten, Hon. Sir Malcolm
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Maitland, Sir Arthur D. Steel
Makins, Brigadier-General E.
Malone, Major P. B.
Margesson, Captain D.
Meller, R. J.
Merriman, F. B.
Meyer, Sir Frank
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Sir Newton J.
Murchison, Sir Kenneth
Nicholson, O. (Westminster)
Oakley, T.
Perkins, Colonel E. K.
Perling, Sir William George
Peto, G. (Somerset, Frome)
Pilcher, G.
Pilditch, Sir Phillip
Power, Sir John Cecil
Pownall, Sir Assheton
Radford, E. A.
Raine, Sir Walter
Ramsden, E.
Rawson, Sir Cooper
Reid, D. D. (County Down)
Remer, J. R.
Remnant, Sir James
Rice, Sir Frederick
Richardson, Sir P. W. (Sur'y, Ch'ts'y)
Roberts, Sir Samuel (Hereford)
Ropner, Major L.
Russell, Alexander West (Tynemouth)
Rye, F. G.
Samuel, A. M. (Surrey, Farnham)
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sanderson, Sir Frank
Sandon, Lord
Sassoon, Sir Phillip Albert Gustave D.
Savery, S. S.
Shaw, Lt.-Col. A. D. McL. (Renfrew, W.)
Sheffield, Sir Berkeley
Shepperson, E. W.
Simms, Dr. John M. (Co. Down)
Sinclair, Col. T. (Queen's Univ., Belfast)
Skelton, A. N.
Slaney, Major P. Kenyon
Smith, R. W. (Aber'd'n & Kinc'dine, C.)
Smith-Carlinton, Neville W.
Smithers, Waldron
Somerville, A. A. (Windsor)
Sprot, Sir Alexander
Stanley, Lieut.-Colonel Rt. Hon. G. F.
Stanley, Lord (Fyfe)
Stanley, Hon. O. F. G. (West'm'land)
Steel, Major Samuel Strang
Streatfield, Captain S. R.
Styles, Captain H. W.
Sugden, Sir Wilfrid

Sykes, Major-Gen. Sir Frederick H.
Tasker, R. Inigo.
Thompson, Luke (Sunderland)
Tinne, J. A.
Tryon, Rt. Hon. George Clement
Wallace, Captain D. E.
Ward, Lt.-Col. A.L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watson, Rt. Hon. W. (Carlisle)

Watts, Dr. T.
Wells, S. R.
Wheler, Major Sir Granville C. H.
White, Lieut.-Col. Sir G. Dalrymple
Williams, A. M. (Cornwall, Northern)
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Wilson, R. R. (Stafford, Lichfield)
Winby, Colonel L. P.
Windsor-Gilve, Lieut.-Colonel George
Winterton, Rt. Hon. Earl

Wise, Sir Fredric
Wolmer, Viscount
Womersley, W. J.
Wood, B. C. (Somerset, Bridgwater)
Wood, E. (Chesh'r, Stalyb'ge & Hyde)
Wragg, Herbert
Yerburgh, Major Robert D. T.

TELLERS FOR THE AYES.—
Mr. F. C. Thomson and Mr. Penny.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Aberlillery)
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bromley, J.
Brown, James (Ayr and Bute)
Buchanan, G.
Charleton, H. C.
Cluse, W. S.
Connolly, M.
Crawford, H. E.
Dalton, Hugh
Day, Colonel Harry
Dennison, R.
Dunnico, H.
Edwards, C. (Monmouth, Bedwelty)
Edwards, J. Hugh (Accrington)
Evans, Capt. Ernest (Welsh Unlver.)
Forrest, W.
Gardner, J. P.
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Greenall, T.
Grenfell, D. R. (Glamorgan)
Groves, T.

Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hall, G. H. (Merthyr Tydvil)
Hardie, George D.
Hartshorn, Rt. Hon. Vernon
Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Lawrence, Susan
Lawson, John James
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
MacLaren, Andrew
MacNeill-Weir, L.
Morrison, R. C. (Tottenham, N.)
Naylor, T. E.
Oliver, George Harold
Palin, John Henry
Pethick-Lawrence, F. W.
Potts, John S.
Rees, Sir Beddoe
Riley, Ben
Ritson, J.
Robinson, W. C. (Yorks, W.R., Elland)

Rose, Frank H.
Scrymgeour, E.
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Smith, H. B. Lees (Keighley)
Smith, Rennie (Penistone)
Snowden, Rt. Hon. Philip
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart, J. (St. Rollox)
Strauss, E. A.
Sullivan, J.
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Tinker, John Joseph
Walsh, Rt. Hon. Stephen
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Wellock, Wilfred
Welsh, J. C.
Whitley, W.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Wilson, R. J. (Jarrow)
Windsor, Walter
Wright, W.

TELLERS FOR THE NOES.—
Mr. Fenby and Mr. Ernest Brown.

Mr. E. BROWN: I beg to move, in page 5, line 11, at the end, to add the words:

"Provided that nothing in this Sub-section shall apply to fireproof china."

The case of this Amendment is that when fireproof china, the word "fireproof" being used in a technical sense, was mentioned in the inquiry, it was said these articles were made in France and did not come under the scope of the inquiry. The Chairman did not invite evidence on the subject at all. Furthermore, none of the articles coming under the term "fireproof" were exhibited before the Committee, and a very great number of them do not come in competition at all with Longton ware, because similar articles are not made in England at all. We have put down this Amendment in the hope of saving cooking utensils and other pottery ware not normally used for table ware and getting them exempted from the duty. There is a great range of these articles which are not commonly used as table ware, and we

consider it is not fair, as they were not argued before the Committee and do not come into competition with Longton ware at all, that they should be subject to the duty.

Sir P. CUNLIFFE-LISTER: While I cannot accept the Amendment, I do not really think that there is anything between the hon. Member and myself. Actually all china, as distinct from earthenware, is fireproof, and I am advised by the Customs authorities that if these words were put in they would have to exclude all the china that is subject to the duty. What the hon. Member wishes to exclude are those things that are not normally used for the service of food and drink, but only occasionally. The Customs practice is to exclude those, and they have issued an instruction making it plain that that kind of thing does not come within the scope of the duty. I have already accepted the hon. Member's Amendment.

[Sir P. Cunliffe-Lister.]

"of a description commonly used." That makes plainer what is already the practice.

Amendment, by leave, withdrawn.

The DEPUTY-CHAIRMAN (Captain FitzRoy): The next Amendment I select is the first standing in the name of the hon. Member for North Southwark—in page 5, line 11, at the end, to insert the words:

"Provided that there shall be allowed and paid in the case of any manufactured article exported from Great Britain a drawback equal to the amount shown to the satisfaction of the Commissioners to have been paid as duty on the translucent or vitrified pottery used as a container."

Mr. STRAUSS: I should like first to move the next Amendment—in page 5, line 11, at the end, to insert the words:

"Subject to the exclusion from the operation of this Section of all translucent or vitrified pottery imported and used solely as containers for chocolate and sugar confectionery manufactured in the United Kingdom,"—

as, if the Government give me that, it will not be necessary to move the other.

The DEPUTY-CHAIRMAN: I have my doubts about selecting the next Amendment at all.

Mr. STRAUSS: I beg to move, in page 5, line 11, at the end, to insert the words:

"Provided that there shall be allowed and paid in the case of any manufactured article exported from Great Britain a drawback equal to the amount shown to the satisfaction of the Commissioners to have been paid as duty on the translucent or vitrified pottery used as a container."

This is simply to ask the Government to give a drawback on these cheap containers. I think that is a reasonable request, as the confectionery trade has

to meet very keen competition abroad, and if it is handicapped and has to pay the duty on the re-exported article it is placed in a very difficult position.

Sir P. CUNLIFFE-LISTER: While I cannot accept anything that is different in its terms from the regular drawback practice, I think the hon. Member already has all he wants under the Bill as it stands. There are imported into the Clause the provisions of the second Schedule of the Safeguarding of Industry (Customs Duty) Act, 1925. In that Schedule, in Sub-section (3) of Section 6 of the Finance Act, 1925, this is provided:

"If it is proved to the satisfaction of the Commissioners that duty has been paid under this Section in respect of any goods, and that the goods have not been used in Great Britain or Northern Ireland, a drawback equal to the amount of the duty so paid shall be allowed on the goods if exported as merchandise."

That covers the whole of the ordinary *entrepôt* trade, and I am advised by the Customs that in the case I understand the hon. Member referred to, of taking an article that is subject to this duty, like a teapot, and filling it with confectionery and then sending it out, it is the practice not to regard that as using the article, and it will already obtain the benefit of this Section. Therefore, while I could not agree to admitting any new principle of drawback, the point he is anxious about is, in fact, covered by the Customs practice under an existing Section of the Finance Act.

Amendment, by leave, withdrawn.

Motion made, and Question put, "That the Clause, as amended, stand part of the Bill."

The Committee divided: Ayes, 225; Noes, 95.

Division No. 232.]

AYES.

[9.7 p.m.]

Acland-Troyte, Lieut.-Colonel
Alexander, Sir Wm. (Glasgow, Cent'l)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Astor, Viscountess
Atkinson, C.
Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Barnston, Major Sir Harry
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.

Birchall, Major J. Dearman
Bird, E. R. (Yorks, W. R., Skipton)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowyer, Capt. G. E. W.
Brassey, Sir Leonard
Briggs, J. Harold
Briscoe, Richard George
Brocklebank, C. E. R.
Broun-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buckingham, Sir H.
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.

Butler, Sir Geoffrey
Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.
Cassels, J. D.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbert R. (Prtamth.S.)
Chadwick, Sir Robert Burton
Chamberlain, Rt. Hon. N. (Ladywood)
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.

Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Colman, N. C. D.
 Conway, Sir W. Martin
 Couper, J. B.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Sir Ernest (Chester, Crewe)
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Dalkeith, Earl of
 Davidson, Major-General Sir John H.
 Davies, Sir Thomas (Gloucester)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Edmondson, Major A. J.
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 Erskine, Lord (Somerset, Weston-s.-M.)
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Falle, Sir Bertram G.
 Fermoy, Lord
 Finburgh, S.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Colonel Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'th'sw, E)
 Grotlan, H. Brent
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hail, Lieut.-Col. Sir F. (Dulwich)
 Hall, Capt. W. D'A. (Brecon & Rad.)
 Hammersley, S. S.
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Booth)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major J. R. G.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Captain H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hopkins, J. W. W.

Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Hutchison, G. A. Clark (Midl'n & P'b'l's)
 Iliffe, Sir Edward M.
 Jephcott, A. R.
 Kidd, J. (Linthgow)
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Little, Dr. E. Graham
 Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Looker, Herbert William
 Lougher, Lewis
 Lucas-Tooth, Sir Hugh Vere
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Maitland, Sir Arthur D. Steel
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Margesson, Capt. D.
 Mason, Lieut.-Colonel Glyn K.
 Meller, R. J.
 Merriman, F. B.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Sir Newton J.
 Murchison, Sir Kenneth
 Nicholson, O. (Westminster)
 Oakley, T.
 Perkins, Colonel E. K.
 Perrins, Sir William George
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Pilditch, Sir Philip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Remnant, Sir James
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch't's'y)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)

Rye, F. G.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, Lt.-Col. A. D. McL. (Renfrew, W.)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fylde)
 Stanley, Hon. O. F. G. (Westm'land)
 Steel, Major Samuel Strang
 Streatfield, Captain S. R.
 Styles, Captain H. Walter
 Sugden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Thompson, Luke (Sunderland)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple-
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Winby, Colonel L. P.
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, E. (Chesh'r, Stalyb'dge & Hyde)
 Wragg, Herbert
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Mr. F. C. Thomson and Mr. Penny.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Ammon, Charles George
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Batey, Joseph
 Beckett, John (Gateshead)
 Broad, F. A.
 Bromley, J.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Charleton, H. C.
 Cluse, W. S.
 Connolly, M.
 Crawford, H. E.
 Dalton, Hugh
 Day, Colonel Harry

Dennison, R.
 Dunnico, H.
 Evans, Capt. Ernest (Welsh Univer.)
 Fenby, T. D.
 Forrest, W.
 Gardner, J. P.
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenall, T.
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W.R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hardie, George D.
 Hartshorn, Rt. Hon. Vernon
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)

Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, T.
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Lunn, William
 MacLaren, Andrew
 MacNeill-Weir, L.
 Morrison, R. C. (Tottenham N.)
 Naylor, T. E.
 Oliver, George Harold
 Pallin, John Henry
 Parkinson, John Allen (Wigan)
 Pathick-Lawrence, F. W.
 Potts, John S.

Rees, Sir Beddoe
 Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.
 Scrymgeour, E.
 Scurr, John
 Shepherd, Arthur Lewis
 Shleis, Dr. Drummond
 Short, Alfred (Wednesbury)
 Smith, H. B. Lees- (Kelghley)
 Smith, Rennie (Penistone)

Snowden, Rt. Hon. Philip
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Sullivan, J.
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhonda)

Wellock, Wilfred
 Welsh, J. C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr. W.
 Whiteley.

Clause 10 (*Time for payment of beer duty*) ordered to stand part of the Bill.

CLAUSE 11.—(*Alteration of duties on certain licences for mechanically-propelled vehicles.*)

Mr. CRAWFURD: I beg to move, in page 5, line 30, to leave out the word "and."

This Amendment, and the next Amendment in my name—after "5" to insert "and 6"—are designed for one purpose, and I am perfectly sure they will have the keen sympathy not only of hon. Members on this side of the House whose sole interest in legislation, financial or otherwise, is justice, but also the sympathy of a number of Members on the opposite side of the Committee, and not least the Minister of Transport. The Amendment says, in effect, or it carries out to the logical conclusion this argument, if the Chancellor of the Exchequer is going to take—and I think "take" is the kindest word that has been used in this connection—for other purposes money which was raised specifically for the purpose of improving and the upkeep of the roads—and when I say money that was raised specifically for that purpose, I reassert what has been asserted and reasserted over and over again by Minister after Minister, both before and since the War—that that money should be used for the purpose of improving the transport communications of the country, and for no other purpose. I do not think that any hon. Members in any quarter of the Committee will really wish to penalise the motorists as such. They might wish to penalise the speedy motorist or the motorist who does not care for the convenience of other people, but motorists as such they will have no desire to penalise. While you raise taxation which was designed for a special purpose from a special class of people and do not apply the results of that taxa-

tion for that special purpose, but take them for general purposes, you are imposing a special tax upon a special class, which seems to me a wrong system of finance. The Amendments to which I have alluded would have the effect of reducing the amount of money raised by motor taxation to the level which is required for the purposes for which that taxation was originally imposed, namely, for the upkeep and construction of roads. That is the principle underlying the tax—a perfectly simple and comprehensible principle, which is, I think, quite unanswerable.

The MINISTER of TRANSPORT (Colonel Ashley): The hon. Member has given us a dissertation upon the purposes to which the Road Fund should be devoted in a speech appropriate to Clause 46, but not appropriate at all to this Amendment, and he has told us nothing about the Amendment he seeks to move. The Amendment is simply to reduce by 25 per cent. the amount imposed on those who use what is called light cars, that is, ordinary motor cars. Of course, the answer, in a sentence, is that we cannot possibly accept the Amendment. The Amendment would diminish the amount paid into the Road Fund by 25 per cent. and would reduce the £6 which is paid for a motor car up to six horse-power from £6 to £4 10s., and would impose a duty of 15s. instead of £1 on each horse power over six. I need not weary the Committee by any further remarks, except to say that the Government cannot possibly accept the Amendment, because it would reduce the income of the Road Fund in this financial year by £2,500,000. The hon. Member has raised the general question of the raiding of the Road Fund, and I am personally in entire agreement with the action of the Chancellor. I think he had no other option than to do what he has done. From a Departmental point of

view, of course, one likes to have as much money to spend in one's own particular Department, but I am quite clear that the Chancellor of the Exchequer was absolutely right, and I entirely support him.

Lieut.-Colonel HOWARD-BURY: I have a great deal of sympathy with the Amendment moved by my hon. Friend. In 1920 the motor users were asked by the Chancellor of the Exchequer at that time if they would consent to a very heavy horse-power tax, and they agreed on condition that that money was applied to the benefit of the roads. He gave a definite promise in 1920 that when there was a surplus there would be a reduction of the tax upon motors. In the last two years the Chancellor of the Exchequer has taken no less than £27,000,000 from the Road Fund. That shows that there is a surplus, and that might very well be devoted to a reduction of taxation. I fully realise that the past year has been an unexampled year, and a year we hope the like of which will not happen again. But we do ask that in future, when there is a surplus in the Road Fund, this should be devoted to a reduction of the horse-power tax. We have always objected to this tax as being a most unfair type of tax that could be put on the motor car. By far the fairest type of tax is one on petrol. If you reduce the tax to 15s., you will reduce the amount of unfairness, and I would ask him seriously to consider, if he does not change to the tax on petrol, a reduction of the horse-power tax.

The tax on petrol is one that would bring in the same amount, in fact possibly more. If all the money that is devoted to the upkeep of roads is paid by the motorists, the more the motorist uses the roads, the more he should be taxed. At present the tax on horse-power does not do that. In 1924 there were 873,000 cars. The number has more than doubled since that time. The right hon. Gentleman who has just spoken has told us that this would act as a reduction of 25 per cent., but in 1920 he promised us that when there was a surplus of money it would be devoted to a reduction of tax. Private cars have increased since 1920 by two and a-half times, and I do ask him whether next year—I do not

ask him to do it this year, for I realise it is impossible—he cannot turn over to a tax on petrol, or think seriously of a reduction in the rate of the tax.

Mr. SNOWDEN: We are not willing to support this Amendment, because we are not in favour of any reduction in the yield of motor taxes. If this Amendment be carried, it will involve a very considerable reduction. I must express my admiration of the loyalty of the right hon. and gallant Gentleman to his colleagues, although I have to extend my admiration of his loyalty to his own Department. There was a point made in the speech of the hon. and gallant Member who has just sat down which is capable of misunderstanding. He said a pledge had been formerly given that if the yield of these motor taxes were in excess of that required for the needs for which they were levied, some reduction in the rate of tax would be made. The fact that there was the enormous sum of £27,000,000 does not mean that the needs of the roads have been exhausted, and that it was a surplus which could not possibly be devoted to the purpose for which the tax was originally imposed. As a matter of fact, the need for the expenditure of money on the roads has grown at a more rapid rate than the remarkable increase in the number of motor cars. I do not know whether the hon. and gallant Member's observations about a change in the basis of the tax from horse-power to a petrol tax, were in order or not, but I assume they were as the Chair did not call him to order. I hope the hon. and gallant Member will not assume that there is agreement in this House as to the desirability of such a change. After a considerable study of this question, all my convictions are that the present method of assessing on a combination which we call horse-power is definitely preferable to a tax on petrol. I will not go into that now, but some time in the future we shall have an opportunity of discussing it fully, and then I may be able to put to the House the reasons—I think substantial reasons—why the present method of basing the tax should be adhered to.

Question put, "That the word 'and' stand part of the Clause."

The Committee divided: Ayes, 209; Noes, 7.

[Division No. 233.]

AYES.

[9.28 p.m.]

Acland-Troyte, Lieut.-Colonel
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Appin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Lieut.-Commander F. W.
 Atkinson, C.
 Balfour, George (Hampstead)
 Barclay-Harvey, C. M.
 Barnston, Major Sir Harry
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Berry, Sir George
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Brassey, Sir Leonard
 Briggs, J. Harold
 Briscoe, Richard George
 Brocklebank, C. E. R.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buckingham, Sir H.
 Bullock, Captain M.
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Campbell, E. T.
 Carver, Major W. H.
 Cassels, J. D.
 Cautley, Sir Henry S.
 Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)
 Ceell, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clarry, Reginald George
 Clayton, G. C.
 Cobb, Sir Cyril
 Colman, N. C. D.
 Conway, Sir W. Martin
 Couper, J. B.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Sir Ernest (Chester, Crewe)
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Dalkeith, Earl of
 Davidson, Major-General Sir John H.
 Davies, Sir Thomas (Gloucester)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Edmondson, Major A. J.
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 Erskine, Lord (Somerset, Weston-s.-M.)
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Falle, Sir Bertram G.
 Fermoy, Lord
 Finburgh, S.

Forrest, W.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gil'mour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'th's'w, E)
 Hacking, Captain Douglas H.
 Hammersley, S. S.
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hope, Capt. A. O. J. (Warw k, Nun.)
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Hutchison, G. A. Clark (Mid'l'n & P'bl's)
 Iliffe, Sir Edward M.
 Jephcott, A. R.
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Little, Dr. E. Graham
 Lloyd, Cyril E. (Dudley)
 Looker, Herbert William
 Lougher, Lewis
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 MacMillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Maitland, Sir Arthur D. Steel
 Malone, Major P. B.
 Margesson, Captain D.
 Marriot, Sir J. A. R.
 Mason, Lieut.-Col. Glyn K.
 Meller, R. J.
 Merriman, F. B.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Sir Newton J.
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Nicholson, O. (Westminster)
 Oakley, T.
 Pennefather, Sir John
 Perkins, Colonel E. K.
 Perring, Sir William George

Peto, G. (Somerset, Frome)
 Pidditch, Sir Philip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Rees, Sir Beddoe
 Reid, D. D. (County Down)
 Remer, J. R.
 Remnant, Sir James
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Somerville, A. A. (Windsor)
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fylde)
 Stanley, Hon. O. F. G. (Westm'land)
 Steel, Major Samuel Strang
 Streatfield, Captain S. R.
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Suggden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo
 Thompson, Luke (Sunderland)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, E. (Chesh'r, Stalyb'dge & Hyde)
 Wragg, Herbert
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Mr. F. C. Thomson and Mr. Penny.

NOES.

Briant, Frank
 Brown, Ernest (Leith)
 Evans, Capt. Ernest (Welsh Univer.)

Groves, T.
 Scrymgeour, E.
 Watson, W. M. (Dunfermline)

Williams, C. P. (Denbigh, Wrexham)

TELLERS FOR THE NOES.—
 Mr. Crawford and Mr. Fenby.

Lieut.-Colonel HOWARD-BURY: I beg to move in page 5, line 32, at the end, to insert the words:

"and as if the duties specified in the said paragraph (5), as amended by the Finance Act, 1926, were further amended in respect of the duties of excise on vehicles adapted for the conveyance of goods by the substitution of the rates of duties for such vehicles set out in the Fourth Schedule to this Act for the rates for such vehicles set out in the First Schedule to the Finance Act, 1926."

This Amendment must be taken in conjunction with the Amendment to the Fourth Schedule later on the Order Paper. The effect of the Amendment is to grade commercial cars for taxation purposes. Last year a new tax was imposed upon commercial cars and the grading was very steep. Over one ton and up to two tons there was a sudden rise of £10 in the tax. Over two tons and up to three tons there was a rise in the tax of £14. The grievance of the manufacturers is that they were not consulted and that they had been consulted, without doing away with the maximum tax, they would have suggested a tax which included smaller steps. Private cars are taxed on horse-power, the tax being £1 per horse-power, but on commercial cars the tax is by tons, and there is a very big rise in the steps. The effect of the Amendment is to put in intervening steps of five cwt., so that the tax instead of rising by £10 or £14 as at present would rise by steps of £3 or £4.

The manufacturers have found that the effect of the present tax is to limit design. When there is a sudden increase in the tax, as at present, the effect is that if a commercial car weighs a few pounds over one ton, it means an additional tax of £10 a year. Putting a limit on design has an effect on our export trade. To increase the efficiency of a car it may be necessary to have an electric lighting set, or a self-starter, or four-wheel brakes; but the effect of these improvements may be to increase the weight of the car to a few pounds above one ton, or to a few pounds over two tons, and that would mean an increase of £10 or £14 a year in tax. I do not think that the effect of this Amendment would be very appreciable on the amount of revenue that comes in, because the greater number of the cars

to-day are within five cwts. of those limits. Such being the case, and when nearly half the number of commercial cars are under one ton, and the greater part of these within five cwts. of that ton, if we had this regrading it would not affect the tax yield to any great extent, but it might in certain cases improve it. By adding improvements to a car, you might make the weight slightly above one ton, in which case, under the scheme which I propose, there would be only a £3 extra tax on the car, whereas at the present time manufacturers are often prevented from putting in those improvements, because the added weight might mean the addition of a £10 tax.

As the yearly rate of increase in commercial cars is about 20,000, it means at the minimum an increase of over £300,000 a year. The effect of this proposed tax would be practically stationary, because instead of having an increase of, say, £300,000 or £400,000 a year, for the next year it would be stationary, and after that it would increase. I do not think the Chancellor of the Exchequer can put this scheme into operation this year, but I do ask him seriously to consider whether next year it would not be advisable to have this regrading of commercial motor cars, in consultation with the manufacturers, keeping the maximum amounts as they are at present, but having smaller steps so as to encourage our export trade. At the present time the manufacturers are compelled to make two kinds of cars, one for the home trade, and another for the Colonial trade. That can only mean that there is an increase in production costs, whereas if they had one model both for the home trade and the export trade they could sell the cars at a cheaper rate abroad. That is a most important point, and I would ask my right hon. Friend seriously to consider it. It will mean practically no difference in the revenue, but it is a matter of great concern to our manufacturers in this country. I would ask him if next year he would seriously consider this proposal before the Budget is framed.

Colonel ASHLEY: I have two objections to my hon. and gallant Friend's proposal, one a minor and one a major objection. The minor objection is that the more steps you have, the more administrative expense there must be in

[Colonel Ashley.]
 carrying out the operation of the tax. Although that is not an insuperable difficulty, one can well understand that those who have to carry out a tax desire to carry it out as economically as possible.

Lieut.-Colonel HOWARD-BURY: Have you not steps in horse power?

Colonel ASHLEY: We want as few steps as possible, from the administrative point of view.

Lieut.-Colonel HOWARD-BURY: You have them now in horse power.

Colonel ASHLEY: It is very simple to deal with one horse, two-horse power or three-horse power.

Lieut.-Colonel HOWARD-BURY: The steps which I propose are steps of five cwt.

Colonel ASHLEY: My major objection is that I am advised that this Schedule would cost the Road Fund certainly £500,000 a year, and probably £600,000. The Committee must realise that with the increasing demands made upon the Road Fund, and when hon. Members representing rural constituencies are asking for further help for rural roads, it is impossible to give away half a million a year from the Road Fund. As my hon. and gallant Friend has asked me, I will look personally into the matter between now and next year, and as soon as possible, and see whether anything can be done to deal with the matter. I am sure he will not expect me to say more now.

The DEPUTY-CHAIRMAN: Does the hon. and gallant Member press the Amendment?

Lieut.-Colonel HOWARD-BURY: No, Sir.

Amendment, by leave, withdrawn.

Mr. SCURR: I beg to move in page 5, line 32, at the end, to insert the words:

"Provided that a rebate of twenty-five per cent. of the licence duty payable in respect of a vehicle exceeding two tons in weight unladen under the said paragraph (5) shall be allowed in respect of every such vehicle fitted with pneumatic tyres."

The object of this Amendment, which stands in the name of my hon. Friend the Member for Rotherhithe (Mr. B. Smith) is to encourage the use of pneu-

matic tyres on heavy vehicles by giving a 25 per cent. rebate on licence duties payable under paragraph 5 of the Schedule to which reference is made in Clause 11. The effect of Clause 11 as it stands is to provide a reduced rate of duty for certain classes of vehicles. We desire to extend that for the purpose of encouraging heavy grade vehicles which have solid tyres at the present time to resort to pneumatic tyres. The result of that would be a considerable saving in the expenses which fall on the Road Fund, because a considerable amount of traffic is done by heavy vehicles with solid tyres, not only when they are new, but more particularly as they get old, and when the tyres are damaged. Consequently, they damage the road much more. I think the right hon. Gentleman has sympathy with this Amendment, and I hope his sympathy will be demonstrated by his acceptance of it. At the present time at least 95 per cent. of the heavy trade vehicles have solid tyres. We estimate, after careful investigation by the Transport Workers' Union, that the effects of this Amendment if adopted will be to double at least the number of vehicles that will use pneumatic tyres, and we anticipate that the cost to the revenue of the whole thing would be £62,000, but we maintain that the saving would be greater than that, on account of the expenditure saved on repairing the roads.

Colonel ASHLEY: Last year an Amendment was proposed on the same lines as that which has been moved by the hon. Member, and it was rejected by the House. We cannot accept this Amendment, because of the cost to the Road Fund. But though we cannot accept the Amendment, I would point out that the saving is not quite as great as the hon. Member imagines. It is quite true that the pneumatic tyre does less damage to the roads than the solid tyre, but, on the other hand, the pneumatic tyre travels at a greater speed than the solid tyre, and, therefore, greater extent of road is involved. Therefore, the difference in the damage done by these two classes of tyres, though it is substantial, is not as great as the hon. Member seems to think. Then there are administrative difficulties. The acceptance of the Amendment would result in adding considerably to the duty to be

carried out by the police authorities. As the Committee has heard, complaints are constantly coming to the Home Office that the police are being asked to perform a number of duties outside their normal functions, and it is really undesirable, if not impossible, to ask them to undertake any further work, because every piece of extra work you give them to do hampers the discharge of their ordinary duty. I must, therefore, resist the Amendment.

Mr. PALIN: I join issue with the right hon. Gentleman when he says that under this Amendment no saving would be effected.

Colonel ASHLEY: I did not say that. What I said was that the saving is not as great as some people imagine.

Mr. PALIN: It is very much greater than the Minister realises, and if the Road Fund is for the purpose of maintaining the roads in proper condition and making them safe for ordinary people, it should be so used. In my own town the other night the roads were crowded, and there were three deaths and a number of people injured owing to the road in certain parts being too narrow. If the roads are dangerous to human life owing to their dangerous condition, surely it is quite a proper thing to get rid of the danger to ordinary people by widening the roads. Prevention is very much better than cure, and the extra cost to the Road Fund would be well spent. The great damage that is done to the paved roads in our cities does not fall on the Road Fund, but, unfortunately for the local authorities in the smaller towns, it falls upon the tramways or on the rates of the principal town. It does seem to me that the Minister does not appear to have any conviction on any particular point in regard to this matter, because otherwise his own conscience would make him feel the reasonableness of the Amendment which has been moved by my hon. Friend.

Miss WILKINSON: There are two problems and two different kinds of roads. One is the problem of the tar-macadamised roads where you get heavy vehicles with solid tyres doing great injury in warm weather and making the roads corrugated. This is frightfully bad for the

roads. The second kind of road is the road where the surface is not tarmac, and it is extraordinarily difficult to get the country to take up this question of this kind of road and to press that such roads should be kept in decent condition. These roads have an ordinary metal surface, and on a wet day these heavy, overladen, solid-tyre lorries simply ruin this kind of road. Two or three of these lorries are almost sufficient to ruin the road. I, myself, have seen a road of this kind simply torn up in wet weather by these heavily laden vehicles with solid tyres, and put into such a condition that it was not fit to be used. It is entirely false economy not to agree to a duty which would pay for itself over and over again. There is a great deal of trouble in getting the county authorities to come along and improve these roads. It is all very well to talk about the claims of the Road Fund, but the right hon. Gentleman had better tell that to the Chancellor of the Exchequer. Even if he does want to save the Road Fund, it is not unreasonable to accept this sensible suggestion.

Mr. R. MORRISON: There is one thing that has not been mentioned in this discussion, but I do not think even if it were the Government would take any notice of it. It is the amount of damage that is being done every day by these heavy solid tyre vehicles not only to the roads but to residential property. Every Member of this House has at some time or other received a communication from the National Citizens' Union and other Bolshevik organisations of that kind begging them to raise this question of the damage done by these heavy vehicles to residential property. I apologise for having mentioned this matter, because I am sure no member of the Government takes the slightest interest in the question of damage to residential property.

Mr. E. BROWN: I agree with the protest that has been made against the continual damage to the roads by these heavy solid tyre vehicles. We are continually getting resolutions sent to us about the damage done where there is a great deal of heavy traffic of this kind. If you travel between Rugby and Northampton, for instance, you will see how the tarmac road is damaged in hot weather by these solid tyre vehicles. I,

[Mr. E. Brown.]

therefore, support the protest that has been made. If, on the other hand, you leave that town and come south along the road which is partly tarmac and partly ordinary material you will see that the solid tyres cut the road about in hot

weather very heavily indeed. This is a very sensible Amendment.

Question put, "That those words be there inserted."

The Committee divided: Ayes, 97; Noes, 240.

Division No. 234.]

AYES.

[9.57 p.m.]

Adamson, Rt. Hon. W. (Fife, West)
Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Baker, J. (Wolverhampton, Bilston)
Bakes, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bowerman, Rt. Hon. Charles W.
Brant, Frank
Broad, F. A.
Bromley, J.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Charleton, H. C.
Clase, W. S.
Compton, Joseph
Connolly, M.
Crawford, H. E.
Dalton, Hugh
Day, Colonel Harry
Dennison, R.
Dunnico, H.
Evans, Capt. Ernest (Welsh Univer.)
Fenby, T. D.
Gardner, J. P.
Gilliat, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Greenall, T.

Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hall, G. H. (Marthyr Tydvil)
Hardie, George D.
Hartshorn, Rt. Hon. Vernon
Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Lawrence, Susan
Lawson, John James
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
MacLaren, Andrew
MacNelli-Welsh, L.
Morrison, R. C. (Tottenham, N.)
Naylor, T. E.
Oliver, George Harold
Pallin, John Henry
Pethick-Lawrence, F. W.
Potts, John S.
Riley, Ben
Ritson, J.
Robinson, Sir T. (Lance, Stretford)

Robinson, W. C. (Yorks, W.R., Elland)
Rose, Frank H.
Scrymgeour, E.
Scurr, John
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Smith, H. B. Lees- (Kelghley)
Smith, Rennle (Painstone)
Snowden, Rt. Hon. Philip
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart, J. (St. Rollox)
Strauss, E. A.
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Tinker, John Joseph
Walsh, Rt. Hon. Stephen
Watts-Morgan, Lt.-Col. D. (Rhondda)
Wellock, Wilfred
Welsh, J. C.
Whiteley, W.
Wilkinson, Ellen C.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Wilson, R. J. (Jarrow)
Windsor, Walter

TELLERS FOR THE AYES.—
Mr. Charles Edwards and Mr. Allen Parkinson.

NOES.

Acland-Troyte, Lieut.-Colonel
Alexander, E. E. (Leyton)
Alexander, Sir Wm. (Glasgow, Cent'l)
Appin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Ashbury, Lieut.-Commander F. W.
Astor, Viscountess
Atkinson, C.
Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Barnett, Major Sir Richard
Beckett, Sir Gervase (Leeds, N.)
Bennett, A. J.
Berry, Sir George
Betterton, Henry B.
Birchall, Major J. Dearman
Bird, E. R. (Yorks, W. R., Skipton)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowler, Captain G. E. W.
Brassey, Sir Leonard
Briggs, J. Harold
Briscoe, Richard George
Brookbank, C. E. R.
Brooke, Brigadier-General C. R. I.
Brown-Lindsay, Major H.
Brown, Brig.-Gen. H.C. (Berke, Newb'y)
Buckingham, Sir H.
Bullock, Captain M.
Burman, J. B.
Butler, Sir Geoffrey

Butt, Sir Alfred
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.
Cassels, J. D.
Cautley, Sir Henry S.
Cayzer, Maj. Sir Herbt. R. (Prtamth.S.)
Cecil, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Chamberlain, Rt. Hon. N. (Ladywood)
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.
Clarry, Reginald George
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Colman, N. C. D.
Conway, Sir W. Martin
Cooper, J. B.
Cowan, Sir Wm. Henry (Islington, N.)
Craig, Sir Ernest (Chester, Crewe)
Crooks, J. Smadley (Deritend)
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Dunliffe, Sir Herbert
Dalketh, Earl of
Davidson, J. (Hert'd, Hemel Hempst'd)
Davidson, Major-General Sir J. H.
Davies, Dr. Vernon
Davison, Sir W. H. (Kensington, S.)
Dawson, Sir Philip

Dean, Arthur Wellesley
Dixon, Captain Rt. Hon. Herbert
Eden, Captain Anthony
Edmondson, Major A. J.
Elliot, Major Walter E.
Ellis, R. G.
Elvedon, Viscount
Erskine, Lord (Somerset, Weston-s.-M.)
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Falls, Sir Bertram G.
Fermoy, Lord
Finburgh, S.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Glyn, Major R. G. C.
Gower, Sir Robert
Grace, John
Graham, Fergus (Cumberland, N.)
Greene, W. P. Crawford
Greenwood, Rt. Hon. Sir H. (W'th's.w. E)
Grenfell, Edward C. (City of London)
Gretton, Colonel Rt. Hon. John
Grotrian, H. Brent
Gunston, Captain D. W.
Hacking, Captain Douglas H.
Hall, Lieut.-Col. Sir F. (Dulwich)
Hall, Capt. W. D'A. (Brecon & Rad.)
Hammersley, S. S.

Hannon, Patrick Joseph Henry
 Harland, A.
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Henderson, Capt. R. R. (Ox'ld, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hohler, Sir Gerald Fitzroy
 Holt, Capt. H. P.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hopkins, J. W. W.
 Hopkinson, Sir A. (Eng. Universities)
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Hutchison, G. A. Clark (Midl'n & P'bl's)
 Iliffe, Sir Edward M.
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Lister, Cunliffe, Rt. Hon. Sir Phillip
 Little, Dr. E. Graham
 Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Looker, Herbert William
 Lougher, Lewis
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Lynn, Sir R. J.
 Macdonald, Capt. P. D. (I. of W.)
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Maitland, Sir Arthur D. Steel
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Margesson, Captain D.

Marriott, Sir J. A. R.
 Mason, Lieut.-Col. Glyn K.
 Merriman, F. B.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Newton, Sir D. G. C. (Cambridge)
 Nicholson, O. (Westminster)
 Oakley, T.
 Ormsby-Gore, Rt. Hon. William
 Pennefather, Sir John
 Penny, Frederick George
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Pilditch, Sir Phillip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Remnant, Sir James
 Rice, Sir Frederick
 Richardson, Sir P. W. (Sur'y, Ch'ts'y)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Phillip Albert Gustave D.
 Savery, S. S.
 Shaw, Lt.-Col. A. D. McL. (Renfrew, W.)
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simms, Dr. John M. (Co. Down)
 Sinclair, Col. T. (Queen's Univ., Belfast)
 Skelton, A. N.

Slaney, Major P. Kenyon
 Smith, R. W. (Aber'd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fyde)
 Stanley, Hon. O. F. G. (Westm'eland)
 Steel, Major Samuel Strang
 Streatfield, Captain S. R.
 Styles, Captain H. Walter
 Sueter, Rear-Admiral Murray Fraser
 Suggden, Sir Wilfrid
 Sykes, Major-Gen. Sir Frederick H.
 Tasker, R. Inigo.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Litchfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, E. (Chester, Stalyb'ge & Hyde)
 Wragg, Herbert
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Major Sir Harry Barnston and
 Captain Viscount Curzon.

Colonel ASHLEY: I beg to move, at the end of the Clause to insert the words:

"(2) No duty shall be payable under the said Section thirteen in respect of vehicles used for no purpose other than the haulage of lifeboats and the conveyance of the necessary gear of the lifeboats which are being hauled."

I am sure this proposal will meet with the approval of the Committee. It simply means that lorries which are used for hauling lifeboats up and down the beach and to bring the necessary gear to enable lifeboats to go out shall be exempted from this duty.

Question, "That those words be there inserted," put, and agreed to.

Question, "That the Clause, as amended, stand part of the Bill," put, and agreed to.

CLAUSE 12.—(*Extension of Section 16 of Finance Act, 1921.*)

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Sir HILTON YOUNG: Before we pass this Clause, may I ask the right hon. Gentleman the Financial Secretary to the Treasury, who is always so helpful and so lucid, to tell us briefly what its effect is and why it is necessary. If it were possible for the uninitiated to discover, by any amount of research and hard work, what the effect of it is, I would not venture to trouble the right hon. Gentleman, but, as this Clause stands, it is quite impossible for the uninitiated to discover what its provisions mean, and, under the circumstances, I do not think it will be a waste of time if the right hon. Gentleman tells us what in effect we are voting upon.

Commander WILLIAMS: This Clause affects a considerable number of people, and I am sure that the right hon. Gentleman the Financial Secretary to the Treasury will naturally wish to give the House that full and complete information which is usually given by the Treasury.

[Commander Williams.]

It will be noted that this Clause deals with methylated spirits. These, I believe, are used by certain people for various causes. Rumour has it that sometimes it is used by teetotalers to enable them to rouse themselves for taking part in debates and so forth. I have no knowledge of that part of the subject, but I would ask if, under this Clause, teetotalers will be prevented in any way from getting this commodity. I do not know if this Clause will help the right hon. Gentleman the Chancellor of the Exchequer to remove his deficit in any way or whether it is merely a part of the machinery of the Bill.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): I would like to express my gratitude to the hon. and gallant Gentleman the Member for Torquay (Commander Williams) for enlightening the Committee and for giving me an opportunity to dive into the recesses of my box. I do not know that the question which was raised by the right hon. Gentleman the Member for Norwich (Sir Hilton Young) really requires very much elucidation, because the Clause does very little. But what it does do is very necessary. Hitherto, the regulation of the manufacture of spirits has been governed by the Spirits Act. That Act was placed on the Statute Book at a time when there was comparatively little use made of spirits for industrial manufacturing purposes. It is quite true, as has been pointed out by a writer in the "Times," that it is not by any means a modern habit to use spirits in industry, but the amount used until comparatively recently was inconsiderable, I think about 4 per cent. of the total consumption. Now things have altered, and a very considerable use is being made of spirits for different forms of manufacture. We have reason to believe that we are on the eve of a very much larger development of its use. If the Spirits Act, which imposes very strict regulations upon the production and the method of production of spirits, remained unmodified, it would be very hampering to the use of spirits for industrial purposes. Consequently, we are asking the Committee to give us much wider powers of discretion in regard to the use for industrial purposes of alcohol in its various forms, while safeguarding the revenue, of course, from any encroach-

ment upon it when spirits are used as a beverage. We are asking the Committee to give us this power in order that different forms of alcohol may be produced and handled, because one of the most difficult and restricted parts of the Act relates to the handling of it. If this Clause, with other Clauses which have been introduced, will relieve industry from that burden I have no doubt the Committee will readily agree to it.

Mr. STEPHEN: I listened with interest to the explanation of the Financial Secretary, but there is one point on which I am not quite clear. I should like to ask him whether this is going to make any difference to the revenue. I understand that the provisions which have been in operation in past years have been found to be rather limited and, consequently, they are to be extended in order to provide for the greater use of alcohol and spirits in connection with various processes. Are we to understand that there will be no difference to the revenue one way or the other?

Mr. McNEILL: That is so. It will have no effect on the revenue one way or the other.

Question, "That the Clause stand part of the Bill," put, and agreed to.

Clauses 13 (*Provisions with respect to certain processes of distillation*), 14 (*Amendment as to allowances in respect of spirits*), 15 (*Power to make regulations requiring returns with respect to importation, etc., of certain alcohols*), and 16 (*Bottling of spirits in warehouse*), ordered to stand part of the Bill.

CLAUSE 17.—(*Income Tax and Super-tax for 1927-28.*)

The following Amendment stood on the Order Paper in the name of Sir BASIL PETO:

In page 7, line 35, to leave out the words "four shillings" and to insert instead thereof the words "three shillings and sixpence."

Sir EDWARD LIFFE: This Amendment was placed on the Order Paper by the hon. Member for Barnstaple (Sir B. Peto) in order to raise the question of the co-operative societies and the Income Tax.

The CHAIRMAN (Mr. James Hope): I think that matter should be raised on the Question, "That the Clause stand part of the Bill." This is an Amendment purely for a reduction.

Sir WILLIAM PERRING: I desire to raise a similar point to that of my hon. Friend, but if you rule that it would be desirable we should raise the point on the Question, "That the Clause stand part of the Bill," I prefer to wait.

The CHAIRMAN: The Amendment raises the question of the difference between four shillings and three shillings and sixpence. If it be desired to raise the question of Income Tax generally, that must be raised on the Question, "That the Clause stand part of the Bill."

Sir W. PERRING: I desire to raise the question of the incidence of the taxation and the inequality which exists under the present system.

The CHAIRMAN: It would be possible to raise that point on the Question, "That the Clause stand part of the Bill."

Motion made, and Question proposed,
"That the Clause stand part of the Bill."

Sir E. ILIFFE: I desire to raise the question of the co-operative societies and Income Tax. There is a large body of opinion in this House and in the country which thinks it is unfair that a large body of traders should have any special privileges in regard to Income Tax. There is a great deal of difference as to the amount of revenue which is lost to the Treasury by this privilege to co-operative societies. The Chancellor of the Exchequer estimates that loss at £100,000 per annum, others estimate the loss at something in excess of £500,000 per annum, while the hon. Member for Hillsborough (Mr. A. V. Alexander) told us the other day that the co-operative societies under the present system actually pay more in Income Tax than other traders. It is apparent, therefore, that there is a great diversity of opinion as to how much co-operative societies do benefit by the privileges they possess, and I think it is quite clear that there is a case for an inquiry.

It is very difficult to estimate what the profits of the co-operative societies are

to-day. That is largely due to the system of depreciation. The national programme of the co-operative societies encourages very liberal depreciation. The depreciation recommended is 2½ per cent. on buildings and shops, 10 per cent. on fixed stock and plant, and 20 per cent. on rolling stock. This depreciation is recommended to be on the original value of these buildings, shops and plants, as the value of these assets in the accounts issued by the Co-operative Union is something like £47,000,000 it is quite clear that if this system is rigidly carried out, some £5,000,000 or £6,000,000 can be depreciated, which is much in excess of the amount by which the ordinary trader is allowed to depreciate his assets. Therefore, I feel that the Chancellor of the Exchequer ought to appoint a Departmental Committee to examine the profits of these societies, and issue a statement showing exactly what profits they are making as computed for Income Tax purposes, what tax they are paying at the present time, and what tax they would be called upon to pay if they were taxed in the same way as their competitors.

There is also a political aspect of this matter. At the present time, certain contributions are made to the Co-operative Party, and it seems to me that it is quite possible in the future that further contributions may be made to the Labour party. It seems to me these contributions ought to be made out of the profits made by the co-operative societies and those profits ought to be taxed under Schedule D. If I make a contribution to the Unionist party, I have to pay Super-tax and Income Tax, and they ought to be called upon to pay Income Tax on their profits. I never could understand why co-operative societies do not readily agree with this view, because it seems to me that in the first place it is equitable and, in the second place, it affects them very little. If the Chancellor's Estimate be correct, the only effect on the co-operative societies would be that it would cost them one-tenth of a penny in the pound upon their sales.

I do not propose to go into the details regarding this taxation. I made a speech on the matter some two months ago, and went into the question rather fully. I would like, however, in order to avoid a certain amount of discussion

[Sir E. Iliffe.]

to admit straight away that the dividends to the purchasers are not in my opinion profits which are subject to taxation, because they do in fact constitute a reduction in the purchase price. Secondly, it is quite clear that the interest which is paid on the capital invested by members of the co-operative societies is at present subject to Income Tax. The part which escapes taxation consists of the profits which are being put to reserve, and not distributed in any way and the amount represented by over depreciation, which does not at present appear as profits at all. In this connection one must remember that recently co-operative societies have been purchasing a considerable number of competitive businesses, businesses which before they were bought by the co-operative movement had been paying Income Tax under Schedule D. The price one gives for a business must depend, not only on the profits of the business, but on the amount of the profits one is able to retain, and if a co-operative society can retain a larger share of the profits than any independent purchaser could retain, the co-operative society must always outbid anyone else.

We may be told the law does not tax profits arising from a mutual transaction. I believe that is usually called the principle of mutuality. I submit that that law cannot apply to co-operative societies, because the mutuality has been so greatly diluted. There are 5,000,000 members of co-operative societies, which serve 15,000,000 consumers. That means that a third of the population of the country are served by co-operative societies to-day. We have been told that co-operative societies do not pay Income Tax under Schedule D. I do not think that is true in the case of every part of their enterprise. The co-operative movement has a colliery at Shilbottle. Up to 1926 mines were assessed under "Concerns, 3," of Schedule "A" on the basis of the five years' average, but under Section 28 of the Finance Act, 1926, mines ceased to be chargeable under Schedule "A," and have become chargeable under Case 1 of Schedule "D." Societies being exempt from Schedule "D," one might presume that they would escape assessment, but that is not so. In order to prevent this, there is a proviso to Section 28 whereby exemption

under Schedule "D" is not extended to cover income transferred from "A" to "D," and I understand that to-day the mines are actually paying Income Tax under Schedule "D." What I desire to ask the Chancellor of the Exchequer is that not only shall one section of the co-operative movement be assessed to Income Tax under Schedule "D," but every section of the movement, in the same way as are other traders. I hope the Chancellor of the Exchequer will be able to give the House the assurance that he will appoint a Departmental Committee to go into the question and issue a considered statement on the matter.

Mr. HANNON: I rise to support the arguments of my hon. Friend the Member for the Tamworth Division (Sir E. Iliffe). This question of the equitable taxation of co-operative societies has been before Parliament on many occasions, and those of us who feel that co-operative societies *vis-à-vis* the ordinary retail trade enjoy a preferential position think the time has come for an inquiry to ascertain the precise circumstances under which they carry on their trade in relation to the collection of the revenue. My hon. Friend the Member for Tamworth has given a great deal of time and thought to the examination of this problem, and I think the facts he has submitted to-night must have made a considerable impression upon the mind of the Chancellor of the Exchequer. We are not asking for any particular penalisation of co-operative societies. As my hon. Friend pointed out, there is no suggestion of asking that co-operative societies should pay Income Tax on the dividends which in the ordinary course of their business they give to their members; but we feel very strongly that the co-operative society, which not merely confines its operations to its own members, but competes with the ordinary trader and canvasses for business as against the ordinary retail trader, should certainly be brought under the operation of the ordinary taxation system of this country.

In Birmingham, we have a very great co-operative society, and, within the limits of real co-operation, I have always been an ardent advocate of co-operation among the working classes of this country. In this particular case, however, and, indeed, in many others

throughout the country, you have the example of this great enterprise acquiring large businesses which were previously carried on by private enterprise, absorbing them into their co-operative network, and then at once securing immunity from payment of the ordinary taxation which was incidental to the previous conduct of those businesses in private hands. I do not think that that, in competition with the ordinary trader, is really a position which the co-operative society ought to occupy, and I think that my hon. Friend the Member for Hillsborough (Mr. A. V. Alexander), who in this House is the very respected and eminent protagonist of the interests of the co-operative movement, would, in justice to his own self-respect, like to feel that his great movement was not enjoying any particular advantage at the expense of the ordinary private traders in this country.

The co-operative societies advertise that you deal only with "co-ops"—I am using the ordinary vernacular phrase employed by co-operative societies—but at the same time, you find in some of the provincial newspapers whole-page advertisements inviting people to deal with co-operative societies, and we have no means of ascertaining whether in point of fact *bona fide* membership of a co-operative society is established before such transactions are carried out; and that is something which a Departmental Committee of the quality suggested by my hon. Friend would certainly help to determine. I, as an old co-operator myself, on the side of productive co-operation, and, as one who gave many years of his life to preaching co-operation among farmers, am the last person in this House to say a single word that would be unfair to the co-operative movement, but when I find, in my own city of Birmingham, this great organisation constantly carrying on its work in conflict with the ordinary retail trader, who has to struggle with the payment of rates and taxes, and otherwise to discharge his obligations as a citizen, I think the least that might be asked from the State is that both sets of traders should be put exactly on the same level in relation to the collection of the revenue which maintains the whole administrative machinery of this country.

Therefore, with great respect, I submit to the Committee and to the Chancellor of the Exchequer that the time has come when some impartial inquiry, giving every possible consideration to the *bona fide* interests of co-operative societies, on the original principle on which they were established, should be undertaken to examine to what extent the business is conducted without any loss to the revenue, while at the same time conforming to the ordinary principles which govern the trade of other people in this country. That, I think, is a perfectly fair proposition to submit to the Chancellor of the Exchequer. Of course, he pointed out to us that we have supplied him with a great deal of useful information, but it is one of the qualities of the Chancellor of the Exchequer that, while the information supplied to him is always of the most admirable quality, he very often does not accept it at all, and I am not quite certain that he accepted the whole substance of the Daniell Memorandum which my hon. Friend and others presented to him on this subject. But, after the speech of my hon. Friend the Member for Tamworth, I think the Chancellor will see the plain justice of the suggestion we are making to him, not that he should interfere in this Finance Bill with co-operative societies, but that he should have an investigation carried out which will satisfy the whole community, including co-operators themselves, that they are not in any respect receiving special advantages from the State which place them in a preferential position in contrast with other citizens who have to pay taxes. That is the proposal we have submitted to the Chancellor of the Exchequer. That is the whole project put forward by my hon. Friend, and I very much hope the Chancellor of the Exchequer will see the propriety and, indeed, the justice, of acceding to the suggestion that has been made to him.

Marquess of HARTINGTON: My object in speaking on this Clause is not so much to deprive my right hon. Friend of all revenue from Income Tax and Super-tax, which would, I understand, be the effect if the Clause were negatived, as to call attention to the very real injustice which arises under the present system of collecting Income Tax and, if possible, to move my right hon. Friend

[Marquess of Hartington.]

to an act of clemency. I quarrel particularly with Sub-section (2), which perpetuates all the various enactments of the past with regard to the collection of Income Tax and Super-tax. I have taken the earliest moment of raising the question of the machinery of these taxes, because I think it is very important that before the Committee authorises the continuance of this machinery for another year we should have some statement from my right hon. Friend as to his intentions in the matter.

It is a matter of universal complaint, and it is even admitted by the Chancellor of the Exchequer, that the enactments with regard to the collection of Income Tax and Super-tax are drafted in such a way as to be almost completely unintelligible to the people who have to pay the taxes. I want, in passing, to protest against being governed in an alien language, in the language of a small body of men, aloof from the industrial and commercial life of the nation, who regard the main body of the citizens of the country as having one function and one function only, that of producing more and more revenue in ever-increasing quantities to satisfy their own ever-increasing demands. My right hon. Friend will possibly tell us that that is inevitable and that it is impossible to re-draft the various enactments relating to Income Tax and Super-tax in such a way that they will be easily understood of the people. That may or may not be so, but there is a widespread suspicion in the country that the revenue authorities purposely keep these Acts in an unintelligible form because they realise very large sums indeed in excess of what they are strictly entitled to realise. If it is indeed the fact that it is impossible to re-draft these various enactments in plain English, I most earnestly hope my right hon. Friend will give the Committee some assurance that the cost of discovering what they really mean shall be borne, not by some unfortunate individual taxpayer, as has so often been the case in the past, but by the main body of the taxpayers.

It has long been an injustice—I think that this has also been admitted by the right hon. Gentleman—that the taxpayer who feels that he is aggrieved may take his case to the General or Special Commissioners, and win his case, and again

and again it has happened that the revenue authorities have appealed until it becomes impossible for the ordinary taxpayer to go on. There have been very many cases where the taxpayer has won his appeal, but has lost the benefit of it because he has been unable to face the risks and the costs of further litigation. Law costs entail an immense burden, and it is impossible for very many people to face the risk, and, as my right hon. Friend very well knows, even if the taxpayer ultimately wins his case and is awarded costs, the taxed costs do not amount to anything like the total expenses he is called upon to bear.

Last year my right hon. Friend received an influential deputation on this subject, which included, I think, some hon. Members of this House. With the dexterity which we are accustomed to expect from him, he sent that deputation away almost satisfied, but completely empty. The injustice was a severe one then, but if this year's Finance Bill goes through, it will be infinitely worse. My right hon. Friend in introducing his Bill claimed with what seemed to be some show of satisfaction, that he might say with safety, that few people would understand its language. I think that anyone who studies this Finance Bill will agree with my right hon. Friend that in that respect, at any rate, his claims for this year's Finance Bill are more than justified.

When he received the deputation last year he pointed out, in reply to their representations, that same injustice existed in other things. I think I have got his words:

“In all other fields of controversy where a person of small means fought against the large and rich corporations,”

I would urge in reply to that, first, that two wrongs do not make one right, and, secondly—and it is a very much stronger point—that in no other field of controversy is it one of the parties which itself has framed the legislation which is the subject of the dispute. That is my contention. Parliament may possibly have a right to frame unintelligible legislation if it sees fit to do so, but, I think, it can hardly be contended that Parliament has a right to frame legislation which cannot be understood by the mass of the people who are affected by that legislation, and then to insist that the cost of finding out what it really does mean shall be borne by certain selected individuals.

I believe that my right hon. Friend can make a concession on this point without incurring any substantially increased burden of law costs. The dice are so heavily loaded in his favour now that he can afford to give away an ounce or two. I need not remind him that it is now the law that if a taxpayer feels himself aggrieved, and goes before the Special or General Commissioners, and they find against him on a question of fact, no further appeal is open to him.

That avenue is closed, and quite rightly. I do not quarrel with that. It is only when the question of the interpretation of the law arises that an appeal is possible, and it is obviously desirable where you have one of these very difficult and complicated questions of the interpretation of the law that an authoritative and final ruling should be obtained. That means a decision by the House of Lords. I do not complain: it is obviously desirable that these rulings should be obtained, but what is unjust is, that the very heavy cost of obtaining a ruling of this kind, which it is in the interests of the general body of the taxpayers to obtain, should be borne by an individual and not by the general body. I do not suggest, and I would not expect my right hon. Friend to accept it if I did, that the cost of all appeals should be borne by the revenue authorities. I do think it reasonable to suggest that where the Crown appeals from the decision of the Special or General Commissioners—and I think it is a specially reasonable suggestion in view of this year's extremely complicated legislation—the Chancellor should give us some assurance before we go any further that it should be the Crown that bears the cost of both parties.

It is not and cannot be just that the Crown should win cases—and it very often has done in the past—merely in default of the ability of some particular taxpayer to go to appeal and again to the House of Lords. The risk he runs in most cases vastly exceeds the amount which is at stake. Cases of the kind I have in mind are not fought to wring a few pounds from a taxpayer, but to get a ruling on a principle, and they are of benefit to the whole body of taxpayers and it is right that they should pay the cost.

It is more than 600 years since the English people assimilated their Norman conquerors and ceased to groan under the burden of being governed by an alien race in an alien language. As the paintings which have just been unveiled in St. Stephen's Hall may remind us at a time when we need reminding, it is more than 400 years since the sources and origins of our religion became available to us in the common tongue, and now, after all these years, we are again having to complain that our temporal and spiritual rulers are attempting to govern us in a language which we cannot understand. I hope that the right hon. Gentleman's Norman blood, which at this season of the year in particular, is even more in evidence than his kind heart or simple faith, will not induce him to refuse the rather small concession which I ask. I would remind him of the fact that there have been some rumours of discontent, that some sullen mutterings of the Saxon serfs, must already have penetrated his castle walls.

The CHAIRMAN: The argument of the Noble Lord appears to be a little obscure, but I doubt if it is relevant to the re-enactment of the Income Tax.

Marquess of HARTINGTON: I have only three more words to say. There have been rumours that the burden of the Income Tax and the complexity of the enactments by which the tax is collected have caused complaint. I believe some murmurs of discontent have reached the right hon. Gentleman's ears, and I would urge that a wise concession now might not only save him a great deal of trouble but would remove a really severe injustice.

Mr. CHURCHILL: The moving peroration to which we have just listened must, I regret, to some extent leave me unmoved. The question of the costs which should be held in such cases has often been discussed, and debated; and, as my Noble Friend reminded us, I received a deputation on this subject only a year ago. It is not the fact that it is the practice of the Inland Revenue to wear down the poor appealing taxpayers by carrying them on from Court to Court until their funds are exhausted. When test cases are taken up and encouraged in order to arrive at a general decision of the law we have the

[Mr. Churchill.]

discretion, and frequently use it, to pay the costs of the other side in whole or in part; but in regard to cases which are not test cases, but which are controversial disputes designed to settle a case as between the Crown and a particular party rather than arrive at an interpretation of the law, it seems to me to be a very moderate claim that costs should follow the judgment. In ordinary cases the Crown does not pay costs whether it wins or loses, but in the Income Tax sphere it does pay them if the judgment goes against it. But to pay costs in all cases would surely be to foster and incubate litigation against the Crown to an extent which, though it might be highly satisfactory to many of our hon. and learned Friends who are present, would, I am sure, result in a vast amount of needless disputation in the Courts, and a very considerable addition to those burdens of the general taxpayer in regard to which my Noble Friend has so feelingly descanted.

When my Noble Friend speaks of the importance of writing the Income Tax laws in a tongue understood of the people, I am entirely in accord with him, and I am setting up, as I mentioned in the Budget Speech, a highly expert Committee of lawyers, who will have the fullest assistance which can be rendered them by gifted laymen, for the express purpose of consolidating and re-writing this immense tangle of Income Tax laws which has grown up, year after year, in the last three or four generations, and which rolls on like a snowball from Session to Session with ever-growing additions and complexities. It is believed that that Committee might, in the course of the next five years, make a considerable inroad on this subject, and I have arranged for its work to be expedited as much as possible, and for interim Reports to be issued in order that we may simplify as far as possible our legislation. But I should like to point out that though we might simplify the statement of the purpose of a Clause in the Bill from the literary point of view, and make it very easily apprehended by the ordinary reader, yet when that came to be interpreted in the Courts it might lead to far greater difficulties of interpretation and argument than arise when

the recognised and highly respectable jargon and rigmarole of a great profession is employed.

I come to the other question which has been raised, and here I must endeavour to compress into a few sentences what is an immensely interesting and important topic. I have given close attention to this allegation that the co-operative societies do not pay their proper share of the Income Tax, and I have used the full machinery of the Inland Revenue to explore that subject. In the result I have been convinced that they very nearly pay the full tax that could be exacted from them under the law, and I will just explain this. I do not want to keep back the hon. Member for Hillsborough (Mr. A. V. Alexander) who is preparing to make a vigorous speech, but I hope that if what I am saying expresses, to some extent, the views he is going to express, he will not think it necessary to go over that ground a second time. The public accounts of the trading co-operative societies show that, as a result of the year's working, they had about £21,000,000 in hand. Of this £21,000,000, they paid away £14,000,000 as discount on purchases. This sum of £14,000,000 is usually described as dividend. This "divi," which is a very well-known phrase—

Mr. E. BROWN: It is understood by the common people.

Mr. CHURCHILL: It is well understood as "divi." This "divi." cannot possibly be charged to Income Tax. It is a trade discount which is immune in every sphere of our taxation schemes from Income Tax. Income Tax has never been charged on trade discounts, and to do so would upset the whole of the long-established trading methods of this country. If it were attempted to charge Income Tax on trade discounts, obviously the attempt would be defeated by the simple process of selling the article at a cheaper price. So much for £14,000,000. If, however, it were decided to alter the law in regard to trade discounts, then, although you might surcharge the individual co-operators with their "divi." for the purpose of Income Tax, it would be found that in nearly every case they are below the Income Tax level, and nothing would come of it. It is calculated that from the whole process only £100,000 would be re-

covered, and to achieve that £100,000 it would be necessary to overturn the long-established system by which trade discounts are immune from Income Tax.

A sum of £14,000,000 taken from £21,000,000 leaves £7,000,000. That £7,000,000 can be accurately described as the societies' profits. Of this £7,000,000, they distribute something like £4,000,000 every year to their shareholders as interest on shares. When an ordinary company pays a dividend to its shareholders, Income Tax is deducted, as everyone knows, at the source, and the shareholder gets a lesser sum. In the case of co-operative societies, a different process prevails. So many of their shareholders are below the Income Tax level that it would be an infinitely more costly business to deduct the Income Tax at the source and then have all these small repayment claims from millions of people. Instead of that, the tax is not deducted at the source but individual shareholders in the co-operative societies are forced to include their profits in their Income Tax returns, if they pay Income Tax. If they do pay Income Tax the tax is recovered accordingly. So much for the

11.0 p.m. £4,000,000, which, taken from £7,000,000, leaves £3,000,000.

Now on the £3,000,000, or actually a little more than £3,000,000, which remain to be accounted for, Income Tax is charged at the standard rate of £650,000. As a matter of fact, the slightly different system by which co-operative societies are taxed, for reasons I have explained, yields, mainly under Schedule A, £550,000 a year. So that under the present system of taxation they pay within £100,000 of what the strict working of the ordinary law would exact from any other similar trading body. Now, in order to obtain this £100,000 by which the taxation paid by these societies falls short of the total, it would be necessary to impinge upon the principle of mutual trading which rules at the present time over a very wide sphere, and it would not be worth while to renounce that principle and to antagonise a very large body of citizens for a comparative small result. I have done my very best to test these figures and I do not think they could be changed. Therefore, I do not see what an inquiry could do. The Inland Revenue

and the Government are quite impartial in this matter. They have no reason to conceal any fact whatever. One can, indeed, feel sympathy with the traders who find themselves oppressed by the immense collective power of these co-operative bodies which unite all the force of massed capital and whose shareholders do not pay Income Tax individually, because they are below the Income Tax level. Nevertheless, full and impartial administration of the law would only disclose a difference of £100,000.

I do not see why this great body of co-operators themselves do not come forward to make an endeavour to bridge this gap. I do not see why this should bring a laugh, because it is hardly worth while to have this criticism levelled at them that with all their immense wealth they are not contributing the standard rate of taxation to the revenue. It would be more in accordance with their dignity and prosperity if they were, in some way or other, by consultation or otherwise, to bring their taxation up to the exact level of ordinary trading concerns so that the Inland Revenue should be able to say that they took no part whatever in discriminating between different trading bodies in the country. I have tried to place before the Committee the outstanding point of this important question, and I hope that the Committee will see that the Government must decline to accept the proposal to set up an inquiry which could yield no result.

Mr. A. V. ALEXANDER: I hope the Chancellor of the Exchequer will not be alarmed by the vigorous speech we have heard this evening. I thank him for his statement of the principles which the Government have decided to observe in regard to the co-operative societies. There were one or two things in the close of his speech to which, I am sure, he will expect me to take exception. It is a curious thing that a Chancellor of the Exchequer, standing in the House when the means of bringing revenue and expenditure by means of taxation is discussed, should invite a section of the community to make a voluntary contribution. That is rather a new method of raising direct taxation, and he will hardly expect that a body of five-and-a-quarter million people in this country, most of them of the working class type and most of them

[Mr. Alexander.]

on the standard of life that can bear no more taxation, will welcome with enthusiasm the suggestion that they should make a voluntary contribution when successive Chancellors have reduced the Income Tax from 6s. to 4s. in the £.

I will also ask him to remember that, so far, he has submitted the estimated figures. There is a strong view in the co-operative movement that there was no such capital at all, and I would ask him to consider it for a moment or two. In the first place, in regard to the Inland Revenue figures, I want to point out that though the Member for Tamworth (Sir E. Iliffe) and the Member for Moseley (Mr. Hannon) have given great attention to the subject, their figures are not to be relied upon. All they do is to take a mass of figures and draw conclusions, whereas the Inland Revenue, upon whom the Chancellor relies, have this advantage that, as the result of the Corporation Profits Tax legislation of 1920-21, Somerset House has for two financial years all the balance sheets of all the societies in the country. They base their estimate on the actual details of trading balances which they have examined, and if you take the salaries to-day, we take far more under Schedule A than is estimated by the Chancellor of the Exchequer. He has admitted clearly that if you attempted to assess under Schedule E at the source, you would find a great difficulty in regard to people who are below the tax limit. But, supposing the Chancellor, either by consent or by imposition, levied a sum of £100,000 or £200,000 of Income Tax, how could he refuse the right of any individual member of the movement who felt himself overtaxed to claim this rebate? In regard to the inquiry, the Taxation Committee of 1905 and the Royal Commission of 1919 said that private traders had made their case, and certainly the Revenue would not gain in any way by an assessment. That provision, I believe, still holds good. There are many things in the speech of the hon. Member for Tamworth and the hon. Member for Moseley that ought to be answered, but if the point is raised again, as they are serious points, I reserve the right to reply to them.

Sir W. PERRING: I am extremely disappointed with the statement of the Chancellor of the Exchequer. As far as it has been possible to analyse the balance sheets of the co-operative societies, the conclusion has been come to that £100,000 was profit. It is well known that the turnover of the co-operative societies is now bordering on £300,000,000. I have in my hand the balance sheet of the London Co-operative Society, which represents only £5,000,000 out of that £300,000,000. It is interesting to note that in this last half-yearly balance sheet, called the Fourteenth Report, there is shown a profit of £250,000 in the half year, which means £500,000 on the whole year. Out of that sum they are only distributing in the half year £140,000. Having made provision for the interest on the capital, they anticipate a profit in the half-year of £68,000. If that is the anticipated profit shown on the balance sheet of the London Co-operative Society on a turnover of £5,000,000, that shows that the sum involved is out of all proportion to the statement of the Chancellor of the Exchequer that there is only £100,000, spread over this large turnover in the country. I will proceed just a little further in the analysis of this £68,000.

Mr. ALEXANDER: I do not want to curtail the discussion, but it might help if I pointed out that those reserves are within the principle of mutuality outlined by the Chancellor of the Exchequer. The profit is taxable profit, and the whole of the surplus that accrues is a surplus for mutual payment to members.

Sir W. PERRING: We challenge the principle of mutuality in this Debate. I desire to point out, in an endeavour to arrive at what are the anticipated profits, that on this very balance sheet there is a capital account of £1,600,000 for land, plant, and buildings, and during the period of the London Co-operative Society's activities they have reduced this sum by 33 per cent. I quite admit, from a financial point of view, that may be a very wise policy for the co-operative societies, but what I desire the Chancellor of the Exchequer to observe is that any ordinary private trader is not allowed, for the purposes of Income Tax, to write down his plant, land and buildings in that way. Every item that he writes down—his plant, buildings and

stock—is brought into account for purposes of Income Tax, and if this policy is pursued for another 10 or 15 years, there is every indication that the increasing activities of the co-operative societies, with their swelling and increasing profits, will enable those societies ultimately to write off all their capital account. That might be all very well, but, speaking as a trader, and recognising that the primary purpose of the co-operative movement is to send every trader out of business, it is important to remember that the co-operative societies are allowed, under the present system of taxation, so to put to reserve in writing down their assets and using the additional capital for the development of their business, that they are building up a system which the Chancellor of the Exchequer will be compelled to take into consideration. In his speech last June the right hon. Gentleman said that he desired to secure the taxes of the country with the minimum political disputation. That suggests that he does not want to disturb the members of the co-operative societies, on the ground that it would stir up a lot of trouble. If this system is developed until the turnover is doubled, and there is every indication that it will, then the right hon. Gentleman will have far greater difficulty in dealing with this problem in the future than he has to-day. We feel that an inquiry into the items to which I have referred would reveal the fact that the reserves and undistributed profits are largely in excess of the figure given the Chancellor of the Exchequer by the staff at the Treasury. He would recognise, if he analysed the figures—

Mr. CHURCHILL: I have given prolonged study to this very question, and have endeavoured to make sure that the figures were accurate.

Sir W. PERRING: I am delighted to hear that the right hon. Gentleman has examined these figures. The traders of the country are certainly not satisfied with the figures mentioned by the Chancellor, and assuming that it is only £100,000, which I challenge, the right hon. Gentleman has not been unmindful of sums less than that amount, and he is developing a system by which he desires to make those who have escaped pay their proper proportion of Income Tax.

This desire for increased revenue and the necessity to bring into the net all those who have escaped, should be extended to the members of the co-operative movement, and, having regard to the enormous burdens which the traders of the country have to bear, it is unfair that any section should be able to develop a system of trading without paying their quota to the revenue. In view of the exigencies of taxation, and the development of this movement, the Chancellor of the Exchequer will be compelled in the future in equity to all concerned to bring into our taxation these reserves and undistributed profits.

Sir HENRY BUCKINGHAM: I should like to follow my hon. Friend in the eloquent appeal he has made to the Chancellor of the Exchequer, but at this late hour I will not do so, as I have had the opportunity of expressing my views to him on a former occasion. My only object in rising is to call the attention of the right hon. Gentleman to the fact that the statutory allowances for repairs and maintenance claims will expire in April, 1928, unless Parliament otherwise determines, and I should like to know whether the Chancellor proposes to deal with this matter before next April. The Budget will not have been introduced by then, and an awkward situation may arise if by April of next year Parliament has not otherwise determined. These statutory allowances will automatically cease. I ask the right hon. Gentleman if he will be good enough to take the matter into consideration in the meantime.

Mr. CHURCHILL: My hon. Friend has been good enough in connection with this Finance Bill to give me an opportunity of referring to a great many points, and I have profited by his action to look into them. I do not, however, recollect that this was one of the subjects which he suggested to me in any of our talks, nor, I think, has attention been drawn to it in any other way. This would appear to be a somewhat recondite and highly technical matter, and perhaps he will agree that should any statement upon it be necessary, it can be deferred until the Report stage is reached.

Sir H. BUCKINGHAM: I am only anxious that the matter should be placed on record.

Sir HILTON YOUNG: There is, I think, one observation to be made in reference to the unintelligibility of Income Tax legislation to which the Noble Lord the Member for Western Derbyshire (Marquess of Hartington) has called such well-deserved attention. The Chancellor of the Exchequer has said that it is impossible in the present state of Income Tax law to deal with other than legal phraseology for the purposes of such legislation. If I may say so, without assumption, I think he is quite right. He said further that it is not impossible to interpret such terms in a more literary and intelligible form. I have no doubt that is done year by year by the able officials of the Inland Revenue but, he added, that the more intelligible form would be useless for the purposes of legislation. While that is no doubt true, the suggestion I have to make is that the more intelligible and literary form would be of great use to Members if given in a White Paper. I think it

is universally admitted that Income Tax legislation has become utterly unintelligible to the ordinary person. For purposes of illustration, let me refer to Clause 26 of this Bill. The average citizen may read it through, right side foremost or back side foremost, and yet be totally unable to attach any meaning to it. It is little short of a public outrage that we should be called on to legislate about things that we cannot understand, and it would be to the advantage of the public, if it is possible to make them intelligible to the House, by giving us first aid in the form of a White Paper, that it should be done. There may be a question of the time not having arrived for such a precedent, but the suggestion is worthy of consideration.

Question, "That the Clause stand part of the Bill," put, and agreed to.

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[For continuation of Proceedings, see Official Report, Friday, 1st July.]

HOUSE OF COMMONS.

Thursday, 30th June, 1927.

[OFFICIAL REPORT.]

FINANCE BILL.

Further considered in Committee.

Progress, 28th June.

[Continuation of Official Report, from
Col. 730, Thursday, 30th June, 1927.]CLAUSE 18.—(*Amendment as to date of
payment of tax under Schedule A.*)Motion made, and Question proposed,
“That the Clause stand part of the
Bill.”

Sir JOHN MARRIOTT: This Clause, to which I wish to refer briefly, may not be one of the most important Clauses in the Bill, but it is one of the most characteristic, and it is one which, in my opinion, ought not to be added to the Bill without some words of explanation. I say it is one of the most characteristic Clauses of the Bill, and if I had to characterise this Bill in a sentence, I should describe it as a Bill for papering over the cracks. No one can question the existence of the cracks, they are large and gaping, in the potential revenue of the year. I imagine the Chancellor must have arrived at his decision to insert this Clause by some such argument as this. He said to himself, I imagine, “I cannot and I must not appear to increase taxation; I must not frighten the consumer of the necessities of life by adding to indirect taxation; I must not alarm the income tax payer; but additional taxation, by hook or by crook, I must have. I will get it honestly if I can, and otherwise if I cannot.”

He approached this problem with all his accustomed ingenuity. He designs, by camouflage, I take it, to conceal from the taxpayer the very deadly instrument of warfare by which he and his colleagues are going to be assailed. In this case we have one of the most ingenious of the

many camouflages with which the Bill is adorned. This Clause proposes that Sub-section (2) of Section 157 of the Income Tax Act, 1918, a Section which provides that in the cases to which that Sub-section applies Income Tax shall be payable in two instalments, shall cease to have effect so far as it relates to tax chargeable under Schedule A:

“other than any tax so chargeable in respect of income which is, or is to be treated as, earned income.”

Most members of the Committee will recollect that under that Section 157 it was for the first time enacted that instead of Income Tax being payable in one instalment on or before the 1st January it should be payable in two equal instalments, the first on or before 1st January and the second on or before 1st July. This concession, for it was a concession, made by the Chancellor of the Exchequer of the day applied not only to tax payable under Schedule A but to several other categories of Income and Property Tax. It applied to tax payable under Schedule B where it was charged in respect of lands occupied for husbandry only; and it was applicable to payments under Schedule D and Schedule E. But to this general concession made in the Act of 1918 there were two notable exceptions. The first was in the case of weekly wage-earners, whose tax was assessed as a rule half-yearly, and the other was in the case of railway companies, who paid under Schedule D by four quarterly instalments. The point that I want the Committee to observe is this: The concession, when it was made in 1918, was a concession granted practically to all payers of Income Tax, and was not then limited to payers under Schedule A alone. In this present Finance Bill, in order to make up the deficit to which I have alluded, the Chancellor of the Exchequer proposes to take away the concession made under the Act of 1918 in regard to paying Income Tax in two half-yearly instalments, but to take it away from one class of taxpayers only, that is to say, those who are owners of land and owners of house property, whereas other taxpayers, who may be in an equally good or in many cases a far more favourable, position, are still left with the concession which was granted in 1918.

[Sir J. Marriott.]

I can easily believe that, in extenuation of the proposal made by the Chancellor of the Exchequer, it may be urged, and I believe it has been urged, that the concession in regard to payment under Schedule A in two equal half-yearly instalments was only introduced—and I imagine that this will be the argument of the Chancellor of Exchequer—at a moment when the standard rate of Income Tax stood at 5s. in the £, and when, therefore, it was not practicable to leave it to be paid in one sum, owing to the fact that many tenants would not be able to deduct the tax, as they are entitled to do, from the rent payable to the landlord. If, however, that had been the case, the concession I have named would have been made in 1918 only to payers of Income Tax under Schedule A, but, as I have already pointed out, it was a general concession made to all categories of Income Tax payers. Whatever the motive may have been when the concession was originally made in 1918, that concession is now to be withdrawn, and I suggest that the Clause as it stands is one which ought to be resisted on two grounds—firstly, on the ground that it is a manifest injustice to discriminate between one class of Income Tax payers and another, especially if you discriminate against those who are less able to pay; and, secondly, on the ground that it involves a very grave hardship to the particular class of taxpayers whom it will affect. It will involve hardship to them whether they are owners of agricultural property—and everyone knows their position to-day—or whether they are owners, particularly if they happen to be small owners, of small urban property.

As regards agricultural property, the position under the Bill of this year will be this: The landowner will have to find the whole of his tax under Schedule A for the year on 1st June. He will already have discharged the second half of his tax for the current year, that is to say, in July, 1927. In most cases agricultural rents are payable half yearly, at Michaelmas and Ladyday. Practically the whole of the rent payable at Michaelmas, 1927, will have gone in discharging the July instalment of this year and consequently the unfortunate landowner will have no funds at all out of which to pay his full year's Income Tax in

January next. He will have either to borrow from his banker or run into debt in order to discharge his obligations to the Exchequer.

So much for the position of the agricultural landowner. I am going to add a word on behalf, not of the large landowner, not the great bloated capitalist, whom we are supposed particularly to represent, but the very large number of small owners of small property. Let us see the position in which they will be placed by this Bill. I will not go into particular illustrations. I would rather put the matter on this broad ground, that these owners of urban property are called upon to pay as Income Tax during the next twelve months, which is 50 per cent. in excess of the Income Tax they had to pay last year and 50 per cent. in excess of the Income Tax payable by any other class of Income Tax payers. I know the Chancellor of the Exchequer will do all he can—and he can do a great deal—by his ingenuity to camouflage this proposal, but no argument on his part can disguise the disagreeable fact that these unfortunate people, the landowner and the owner of urban property, will be called upon during the next twelve months—as a matter of fact during the next seven months—to pay 50 per cent. more Income Tax than they expected before the Budget was introduced. It is futile to attempt to comfort them with the assurance that this matter will be straightened out six months after the end of the world. I suggest that it should be straightened out before that time, and that is because they refuse that cold comfort the Chancellor suggested that I oppose the Clause.

Mr. MACQUISTEN: As far as I understand this Clause, it amounts to this, that those who in the opinion of hon. Member's opposite are guilty of the gross offence of owning heritable property are to be made to pay 18 months' taxation in 12 months. They are going to pay 50 per cent. more. They are to lend money to the Chancellor of the Exchequer by paying it six months ahead. How they are to borrow it from the banks, I do not know. Apparently, they will have to do it. I do think it is a very great hardship, and therefore I think the Chancellor of the Exchequer

ought to give us a better excuse for what he is doing than he gave to us in his Second Reading speech.

Mr. R. MORRISON: I desire very briefly, although I cannot do so with the same degree of eloquence, to support the case against this Clause, and I sincerely hope the hon. Member for York (Sir J. Marriott) and the hon. and learned Member for Argyll (Mr. Mcquisten) mean to press it. We shall know within a few moments whether they actually mean what they say, or whether they have only made speeches for the sake of speaking. If they are prepared to go into the Division Lobby, I am prepared to be one of the tellers. I say this in all seriousness, because it is a very serious matter. I suggest to the Chancellor of the Exchequer that although there is no considerable amount of interest in this question at the present time, there will be a tremendous outcry about it next January and February, and it will lose thousands of votes to the Conservative party. I will tell the Committee how I think this is going to happen. [*Interruption.*] I do not usually indulge in political prophesy, but this is how it is going to occur. In most constituencies thousands of working-people have purchased their houses through the Small Dwellings Acquisition Act and through other schemes. They were called upon, as everybody knows, to put down from £50 upwards, and they have to pay the balance by instalments. The figures relating to persons who are buying their houses have been given in this House repeatedly by the Minister of Health, and they run into many thousands. The people who are doing this are respectable working people, most of whom have families, and it is because they have families that they experienced greater difficulties than other people in finding houses to rent. They have been compelled to buy their houses. Many of them have had to borrow money in order to enable them to make the necessary deposit, and the local authority or some enterprising builder has advanced the rest. The repayments these people, who are mostly of the artisan or working class, have to make, inclusive of rates, amount to from 24s. to 30s. per week. That money has to come from homes where the weekly income is £3, £3 10s., or £4 at the most. That is the instalment they

have to pay under the Small Dwellings Acquisition Act. I should say that in my constituency there are 400 or 500 of these people, and I know that a great many people in the constituencies of other hon. Members are in a like position.

Mr. CHURCHILL: What is the scale of income of the class about which the hon. Member speaks?

Mr. MORRISON: The scale of income would be round about £200.

Mr. CHURCHILL: That is beneath the Income Tax limit.

Mr. MORRISON: I would point out to the right hon. Gentleman that up to now, at any rate, though I have made endeavours on their behalf to get exemption from Schedule A, they have been compelled to pay it—even working men. I would sit down directly if the right hon. Gentleman would make a statement that the people who do not come under the ordinary Schedule for earned income are exempt from Schedule A. If he could do so this discussion would have been very useful. While the right hon. Gentleman is finding that information, I would only add that in having to pay the whole of the amount, which will amount to between £2 and £4 per annum, in one lump sum, it is going to cause a very great amount of distress to a number of people. It is going to cause them to fall into the hands of money-lenders or to fall behind with the instalments payable to the local authority. For all these reasons, I hope the hon. Gentleman who so eloquently presented the case against the Clause and the hon. Member who supported it will press it to a Division. I am sure every Member on this side of the House will gladly support them.

Mr. CHURCHILL: The hon. Member (Mr. Morrison) will be relieved to hear that no one who is below the Income Tax limit will be called upon to pay Schedule A, and the class of people he has described will be below the Income Tax limit. A married man with two children with £225 a year will be below the Income Tax limit, and can quite easily recover his Schedule A payment if it has been made. Therefore, the grievance of which the hon. Gentleman has been speaking has really been removed, so that any objection he has to voting for this Clause will fall

[Mr. Churchill.]

with the grievance which he has expressed. I do not intend to go into the general question raised by my hon. Friend the Member for York (Sir J. Marriott) in a speech which, at one time, I was really afraid might not end until six months after the end of the world. I should like to say, however, that he made an excellent speech, and I was almost ready to wait so long. This is a very important Clause, for without this particular method of dealing with the difficulty we should undoubtedly have to face a substantial rise in the standard rate of the Income Tax. It is certain that next year we shall be in a better position, and therefore a method of this kind, the beneficial effects of which are only experienced for one year, is appropriate, and more appropriate to the present financial problem than the provision of a permanent tax. Although my hon. Friend has made a powerful speech, I have not, through the many channels open to me, been able to receive any serious body of complaint from any part of the country to this provision.

Mr. MORRISON: Several of my colleagues agree with the statement I made that there are scores of artisans whose income is not sufficient for them to pay ordinary Income Tax, who are paying year by year Income Tax under Schedule A. Can I take it that if they are asked to pay any more they can get complete exemption?

Mr. CHURCHILL: Certainly. If, however, there be any doubt, the hon. Gentleman had better put me a question to which full publicity can be given.

Mr. SNOWDEN: What my hon. Friend refers to is the Income Tax upon the mortgage interest which must be paid by the person who receives the mortgage, and which can be deducted from the next payment of his interest. It is following the general practice of deduction, and so on.

Mr. CHURCHILL: You mean the tenant's deduction from the rent?

Mr. SNOWDEN: Not from the rent, but from the mortgage interest. The person who has bought his house, but has mortgage on it will have to pay—

Mr. CHURCHILL: But would recover?

Mr. SNOWDEN: And would recover, of course.

Mr. OLIVER: May I ask whether the Chancellor of the Exchequer will issue instructions to the inspectors that claims should not be made from people whom they know quite well are not liable to pay. It is not so much that publicity on this matter is necessary among the rank and file of the people who are purchasing houses as that instructions should be given to the inspectors that they have no right to make these claims. I am not referring to the point made by the right hon. Gentleman the Member for Colne Valley (Mr. Snowden), who was referring to the mortgage interest. That is deducted or allowed for, and very rightly so. I am referring to the claims made by inspectors for what would be the rent if they were not paying the mortgage, and I am quite sure, if the Chancellor of the Exchequer were to notify the inspectors, they would carry out his instructions.

Mr. PETHICK-LAWRENCE: I should like to put one point to the Chancellor in regard to Schedule A and in respect to those people who are under the Income Tax exemption limit. It is perfectly true, of course, that if they are made to pay they can recover, but the question surely is whether they can be made to pay in the first instance, because if they can, and they can only recover after a time, that gives rise to difficulties which have been referred to, even though they have the right of subsequent recovery.

Mr. E. BROWN: I desire to call the Chancellor's attention to one small point. In trying to check the figures in the White Paper as to the £14,500,000 of extra revenue, in order to see how the total amount was made up, I found to my surprise that up to and including the year 1919-20 the yield of each Schedule A, B, C, D, and E was given separately in the abstract, but, for some reason that I have been unable to fathom, for each year since 1921 all of it is lumped together in one sum and only two divisions are given, namely, Super-tax and Income Tax. I call the Chancellor's attention to this, because it is a very great convenience to hon. Members who are try-

ing to check the figures to have the amounts separately, as they were given before 1919.

Question, "That the Clause stand part of the Bill," put, and agreed to.

Clause 19 (*Amendment of s. 20 of 12 and 13 Geo. 5, c. 17*).

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Major BIRCHALL: I wish to oppose this Clause for the following reason. No one is a greater master of the art of making people happy by legislation and taxes than the Chancellor of the Exchequer. For instance, he puts a tax on imported goods and provides work for the people of this country, but in this particular Clause he falls from that high level, and the result of it will be that a very serious injury will be caused to a number of charities in this country. I am quite sure that most Members of the Committee fail to realize that this apparently innocent Clause is really a most injurious one. The language of it is typically officialese and practically unintelligible to the ordinary reader, but the effect of it, we are assured, will be to do real injury and damage to many of the most deserving charities of this country.

The thing works out in this way. Under the Finance Act of 1922—whether it was the intention or not does not matter at the moment—charities which are not subject to Income Tax have been enabled to reap very great benefits. This Clause abolishes these benefits. May I explain in a few words exactly what takes place. A man who desires to subscribe to a charity to the extent of £25 a year signs a deed under stamp, a definitely legal covenant or contract, to pay to that charity for not less than six and a half years the sum of £25 a year. He actually pays £20 to the charity, and sends it an officially marked form known as R 185, which shows that he has paid £5 in Income Tax. He thus pays £20 to the charity and £5 in Income Tax. The charity then presents that form at Somerset House, and the £5 is refunded. Although he subscribes £20, the charity benefits to the extent of £25. Under the Act the charities have increased their income by not less than 25 per cent. in

all cases where the subscriber has been willing to sign a deed binding himself for not less than six and a half years. That process is to be stopped by this Clause, and the result upon the charities which have previously benefitted will be serious. What are these charities? Many of them are religious charities, with some of which I am connected. They are engaged in the building of churches, in religious work in foreign lands, and in payments to augment inadequate stipends. These charities have benefitted very largely under the Clause in the Act of 1922. Then there are charities connected with great works of social service which are admittedly for the benefit of the whole community. One of the largest beneficiaries is the League of Nations Union, which has a special income under this Clause of not less than £10,000 a year. A large number of subscribers have guaranteed to pay their subscriptions for not less than six and a-half years. The voluntary hospitals have the greatest difficulty in keeping up their income to meet increased charges and to maintain their efficiency. Their difficulty has been so great that the Government recently made them a grant of £500,000 in order to keep them from bankruptcy. These hospitals will be seriously affected by the absence of this Clause, and so will the great educational societies. I know quite intimately the condition of the great university of Leeds. They have a very large scheme under this Clause of the Act of 1922, whereby subscribers spread their subscriptions over a period of ten years. They have schemes for a building programme for the next ten years and are getting a very considerable income through the operation of the Clause. This is to be stopped. The Committee ought not to support the proposal in this Finance Bill without realising what they are doing. Charities have been exempted from Income Tax because they are regarded as objects beneficial to the State. Why, then, prevent this additional income going to them?

In his speech on the Financial Resolution, the Financial Secretary to the Treasury defended the present proposal on the ground that most of the agreements were in the nature of bogus agree-

[Major Birchall.]

ments. There was no bad faith at all in regard to this agreement.

12 m. The agreement was come to quite openly with the full knowledge of all concerned. But the right hon. Gentleman the Financial Secretary to the Treasury, said that such agreements are not intended to be enforced, and that, if the subscriber fails to comply with it and to carry out his obligation, he will not be brought to Court to compel him to carry it out. I say emphatically that that is not so. There is every intention of having these agreements enforced and that they should carry the full consequences. So much is that so that there is actually at present a case before the Court to compel a subscriber to carry out the agreement he has made. Therefore, the main reason given by the Financial Secretary to the Treasury for the inclusion of this Clause, that the agreements are not intended to be enforced, is without foundation. I hope the Chancellor of the Exchequer will even now assent to the withdrawal of this Clause and that he will realise that by doing so he will earn the gratitude of the country generally and give encouragement to charitable people to subscribe to these great and beneficent institutions.

Mr. SNOWDEN: The Chancellor of the Exchequer is always genial, and I hope this morning that he is generous as well. I want to make a very urgent appeal to him to withdraw this Clause. The hon. and gallant Member for North-East Leeds (Major Birchall) who has just spoken has, I think, put all the points against this Clause eloquently, and if the finances of the country were more flourishing than they are at the present time it would be quite impossible for the Chancellor of the Exchequer to resist the urgent demands of all those interested in schools and other educational institutions and also the hospitals. The amount of money which is involved in this proposal is only, I believe, something like £150,000 a year. We are not asking for a new grant; we are not asking for more money, but merely for the withdrawal of this Clause. The point I want to make, and I am speaking it with real earnestness, is that in withdrawing this Clause the Chancellor of the Exchequer is losing nothing at all. I am quite sure,

if he adopts this position, he will be able to use it as an instrument for resisting to some extent the increasing demands which will be made upon him by the educational institutions in this country and by our hospitals. I hope therefore, indeed I believe, the Chancellor of the Exchequer cannot resist this very reasonable request, and I confidently look forward to what he is going to say.

Mr. ERNEST EVANS: I support the appeal that has been made and I hope the Chancellor of the Exchequer will withdraw this Clause. The Clause itself, like the Finance Act of 1922 which it amends, is rather technical, but there is no doubt of its effect. The effects are far-reaching on educational institutions in this country and are very considerable on such institutions as the University of Wales and the National Library of Wales in which I am interested. The Chancellor of the Exchequer last year acted towards the Universities in a generous manner when he restored the grant, and this year, as the result of a deputation of which I was a member, he also met the educational institutions. I hope, in view of that, he will not refuse to accede to the request which we are now making on behalf of the educational institutions in regard to this Clause. I do not want to take up any time, because I know he is impressed by the importance of the matter. The Clause as it stands will involve a considerable hardship on the Universities. In the speech made by the Financial Secretary to the Treasury there seemed to be a misapprehension. He seemed to think that the charities were benefiting private institutions as opposed to private individuals. That is a mistake. That being so, I venture to join in the appeal which has been made that the Chancellor of the Exchequer should accede to our request.

Major HILLS: I want to join in the appeal that has been made. It is a very important matter indeed. I do not wish to speak, because I want to relieve the taxpayer, but I speak on behalf of the hospitals. Some legal way could be enforced in regard to the matter, and, if the Chancellor of the Exchequer has any doubt, let him insist on a special form of appeal, say, through the Public Trustee. It is the case that charitable gifts have been immensely increased by this system. I take, as a special example, what has

happened in East Leeds. An immense fund has been raised for the University of Leeds and a further sum for the Cancer campaign. I can imagine no more splendid work than the Cancer campaign at Leeds, and large sums have been obtained more easily by this system of gifts. I am sure the Chancellor of the Exchequer does not want to do anything to hinder those great enterprises getting money or charities getting money. If he is satisfied that these are perfectly genuine transactions, that a man who pledges himself to give money would be obliged to give it, and that proceedings would be taken in a court of law if he did not give it, I hope that a large part of the objections of the Chancellor of the Exchequer will be removed, and that he will see his way to agree to the deletion of the Clause.

Mr. CHURCHILL: In logic and in equity, undoubtedly the case for this Clause stands quite unassailed. There are no grounds in logic and equity for saying that any individual citizen, however much he may desire to do a charitable action, should do a portion of that action at the expense of the general taxpayer. Therefore, if we were to judge this question on grounds of logic and equity, there would be no reason for receding in any way from the arguments on which this Clause is based. But I acknowledge that sentiment plays its part, and sentiment ought to play its part, and, mixed with sentiment is undoubtedly the practical considerations which have been urged by the right hon. gentleman the Member for Colne Valley (Mr. Snowden) that, but for these benefactions, there are charitable institutions of many kinds which otherwise would be drawing very near to the moment when they would make a demand upon the State. If the individual, by his benefactions deprives the State of a certain proportion of its revenue, at any rate he distributes a larger proportion, beyond what he would have contributed to the State, towards these worthy objects. In these circumstances, in view of the appeals which have been made in every part of the House, I desire to withdraw the Clause.

Mr. SNOWDEN: I am sure that I shall be expressing the gratitude which every hon. Member of the Committee feels when

I say how delighted we are that the Chancellor of the Exchequer has seen his way to withdraw this Clause.

Mr. SCRYMGEOUR: In view of the long connection which the right hon. Gentleman the Chancellor of the Exchequer had with the City of Dundee, may I be allowed to say that his decision is very gratifying, and in consonance with the information which we had as to an application which he had conceded to the asylums of Scotland. Both are quite satisfactory.

Question, "That the Clause stand part of the Bill," put, and negatived.

Clauses 20 (*Amendment as to relief from tax in respect of losses*), 21 (*Application of Section 29 of Finance Act, 1926, to certain cases*), and 22 (*Amendment as to exemption from Income Tax in respect of profits of trades carried on by charities*), ordered to stand part of the Bill.

CLAUSE 23.—(*Payment of Income Tax on certain copyright royalties by deduction.*)

Captain MACMILLAN: I beg to move, in page 10, line 27, at the end to insert the words:

(5) In this section the expression "royalties or sums paid periodically" shall include only royalties or sums paid periodically in respect of sales of copyright material absorbed in the United Kingdom.

This Clause makes a non-resident owner of copyright material liable for Income Tax upon sums received as royalties in respect of the sales. Those who are engaged in the publishing trade are not quarrelling with the object of the Clause. It is quite clear that the sums which are received as royalties in respect of sales effected in the United Kingdom should be subject to Income Tax if the author or owner is resident abroad, but the argument seems to me to be strained when you say that those who reside abroad and draw profits for the sales of their works abroad should contribute through the Income Tax towards the general taxation of the country. It may not be within the knowledge of the Treasury that the publishing business in this country carry on their trade in many parts of the world; and what we are seeking to provide is that the sums payable to non-residents, or foreign authors,

[Captain Macmillan.] should not be liable to English Income Tax, merely because of the fact that their works are published by English publishing firms. If an English publishing house is carrying on business in France, or India, or Egypt, and a native of one of these countries, by the mere fact that he is doing business with a firm whose headquarters are in London, makes himself liable to Income Tax in this country, the result would be to drive away the business for English publishing houses, which would mean a loss to the Treasury and the publishing business. At present an English business carrying on a large part of its work in foreign countries, the profits on the business abroad and in England are subject to English Income Tax. We want to ensure that while in respect of the sales in this country it is right, that Income Tax should be deducted for royalties paid to non-resident authors, there should not be brought about by this Clause a situation abroad which would reflect injuriously on the business carried on by such firms who have had the enterprise to carry their work into different parts of the world. The words which we propose may or may not be the correct legal phraseology to ensure this point. Indeed, we are not altogether certain, in the advice which we have received, whether such words are necessary at all and whether the Clause as drawn does not cover our point. I am sure it is not the intention of the Treasury to enact a Clause, the result of which would be to deprive English business firms of the opportunity of competing, in this respect, on equal terms with firms native to the countries where they are working. I hope the Government will accept the Amendment or else between now and the Report stage introduce other words which will make it quite clear that we are only seeking to tax non-resident authors in respect of the sums which they draw from sales of their works to the public of the United Kingdom.

It may be necessary to add that certain complications arise from the fact that in the case of many books by foreign authors, English publishers try to retain, where possible, the Dominions market as well as the United Kingdom market. For instance, many American books are sold to English publishers who handle

them in the Canadian and Australian markets as well as in the English market. If the royalties in respect of sales made in Australia were made subject to English Income Tax—

Mr. COUPER: On a point of Order. The hon. and gallant Member is referring to some Income Tax which is unknown in this country. I understand this is British Income Tax, not "English" Income Tax.

Captain MACMILLAN: I am sorry if I have offended the hon. Member. If the mere fact of dealing with a British house made the author in that case liable to British Income Tax, the tax could easily be evaded by not giving the books in question to the British firms for marketing in the Dominions. That would be a loss both to the firms and to the Treasury.

The ATTORNEY-GENERAL (Sir Douglas Hogg): My hon. and gallant Friend has accurately stated the intention of the Government in introducing this Clause. It is to carry out the recommendations of the Royal Commission on Income Tax to ensure that foreign authors who get royalties from the sale of their works in this country shall not escape the effective charge of Income Tax. It is certainly not the intention of the Government that, under the guise of a Clause to tax foreign authors' royalties in this country, we should do anything to discourage the printing and publishing in this country of foreign works which are going to be sold in the Dominions or abroad. We are very far from desiring to do so, but we are advised that it is doubtful whether or not that unhappy result would ensue from the Clause as drawn. There being that doubt, we cannot accept the actual words of the Amendment put forward, because, as my hon. Friend frankly said, they would not do, and, from the legal point of view, they would present difficulties. We are, however, willing to adopt the second alternative he put forward, that is, to introduce on Report Stage words which will be apt to secure the object he has explained to the Committee. I hope that on that assurance my hon. Friend will see his way to withdraw the Amendment.

Captain MACMILLAN: I wish to thank the Attorney-General for what he has said, and, on the assurance he has given, I beg to ask leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

Question, "That the Clause stand part of the Bill," put, and agreed to.

CLAUSE 24 (*Amendment of Rule 21 of GENERAL RULES*) ordered to stand part of the Bill.

CLAUSE 25.—(*Relief in respect of losses on transactions profits of which would be chargeable under Case VI, Schedule D.*)

Sir H. BUCKINGHAM: I beg to move, in page 12, line 5, to leave out the word "similar."

This Clause seeks to give effect to a purpose which was the subject of an Amendment which I put down last year. At that time the Government were good enough to say they would consider that matter, and I must thank them for the concession they have already made by inserting this Clause into the Bill. In my view, however, the concession does not go quite far enough. The whole object of the suggestion I made was that any casual loss in one year might be set off against a casual profit, that is, any casual loss which comes under the category described in Case VI should be set off against any casual profit which can be assessed under Case VI. In the Clause, however, only a casual loss of a "similar nature" can be set off against a casual profit. If a man makes a profit on, say, underwriting in any year he will be taxed on that profit, and if he makes a loss in the same year on something financial of the same character he will be able to set off the loss against the profit. I think any casual loss ought to be set off if it comes under the description given in Case VI, and therefore I am moving to leave out the word "similar."

Mr. GILLET: Would the Attorney-General kindly inform us what the word "similar" means? There was a case in the Courts recently dealing with a firm or individual in Ireland who bought a stock of linen in the early days of the War and made a very large profit, and became liable to taxation under Case VI. Would this provision in regard to setting

off a loss apply only if that individual were to deal in linen, or would the word "similar" mean anything that came under Case VI?

The ATTORNEY-GENERAL: The Government have given consideration to the point which has been raised by my hon. Friend who moved this Amendment, and they are willing to accept it and to leave out the word "similar." Perhaps hon. Members opposite will not ask me to explain what it means at this stage. The only point to which I would like to call the attention of the Committee is this, that if we leave out the word in line 5 we shall have to leave it out in three other places, lines 10, 16 and 19. and we shall have to put in the words "under Case VI" after the word "assessed," in line 19. I will move these Amendments when the time comes.

Mr. GILLET: May I ask the Attorney-General if I am right in understanding in the case I mentioned that, as he has accepted the Amendment, any loss under the Schedule might be put against the profit?

The ATTORNEY-GENERAL: Any loss which arose in a transaction which if it had resulted in a profit would have been taxed under Case VI will be set-off, after this Amendment, against profit that is taxable under Case VI.

Amendment agreed to.

Amendments made: In Page 12, line 10, leave out the word "similar."

In line 16, leave out the word "similar."

In line 19, after the word "assessed," insert the words "under Case VI."

In line 19, leave out the word "similar."—[*The Attorney-General.*]

Clause, as amended, ordered to stand part of the Bill.

CLAUSE 26.—(*Relief in respect of losses in business set up after 6th April, 1923.*)

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Mr. E. BROWN: This seems to be a very important Clause, and I should like the Attorney-General to tell us if it is an alteration in the present law or a concession on some point put forward in debate.

The ATTORNEY-GENERAL: This, as the hon. Member has anticipated, is designed to give effect to concessions promised in the course of the debate last year. The object of the Clause is to afford relief in the case of businesses which commenced after 6th April, 1923, where a loss was incurred in 1924 or 1925. The change in the basis of assessment from the three years' average to the preceding year prevents these losses from being registered as a liability, and they are outside the scope of the provisions for carrying forward of Clause 33, of the 1926 Act, because that applies to losses incurred in 1926.

Question, "That the Clause stand part of the Bill," put and agreed to.

CLAUSE 27.—(*Relief in respect of losses where business is transferred to a company.*)

Mr. H. WILLIAMS: I beg to move, in page 14, line 21, after the word "solely," to insert the words "or mainly." Last year I urged upon the Chancellor that he should give some consideration to cases where real continuity is preserved in a private business which for good reasons is turned into a company, and I was given the promise that something should be done in this Finance Bill, and Clause 27 represents the performance of that promise. I wish to express my grateful thanks for what has been done. I think, however, that there are respects in which the Clause is a little narrow, and accordingly I have put forward my Amendment. It might happen that some small consideration other than shares might be given. It might be of small importance. I might also mention another point. Where the shares are allotted, people should not be debarred from enjoying the same benefits.

The ATTORNEY-GENERAL: This seems to us to be a reasonable Amendment, and I accept it on behalf of my right hon. Friend.

Amendment agreed to.

Mr. H. WILLIAMS: I beg to move, in page 14, line 24, after the word "whom," to insert the words "or to whose nominee or nominees."

The ATTORNEY-GENERAL: On behalf of my right hon. Friend, who is agreeable, I also accept this Amendment.

Amendment agreed to.

Mr. H. WILLIAMS: I beg to move, in page 15, line 22, at the end, to insert the words

"(3) Notwithstanding the provisions of section thirty-three of The Finance Act, 1926, where any individual is the proprietor of any trade or business and the interest or any part of the interest in that trade or business passes by a voluntary disposition, inter vivos, made by that individual, or under his will, or on his intestacy to the husband or the wife, or any ancestor or lineal descendant, of that individual any loss sustained in such business may be carried forward in like manner as if such individual had remained the beneficial owner thereof."

Two Amendments standing in my name have been accepted, and I hope my good fortune will be the same in the case of the present Amendment, which of course is a matter of great importance. I wish to draw the attention of the Committee to the fact that the Royal Commission on Taxation did suggest that something of the kind ought to be put down. Where a business remains in the family it does seem hard that losses should not be set off if the business is transferred to a company which belongs to the owner of the business. I hope the Government will give some consideration to this point and look into the matter further to see if something cannot be done.

The ATTORNEY-GENERAL: I am sorry my right hon. Friend backed his luck once too often. I am afraid we cannot accept this Amendment for this reason: The Clause is designed, as the hon. Member has pointed out, to ensure relief in cases where a business has passed from a private individual to a company and is really the same business carried on in the name of the company. But the same principle of granting relief does not apply when the business is passed from one person to a different person, as for instance from a father to his son as contemplated by my hon. Friend. Father and son are regarded for Income Tax purposes as entirely different persons, but, if you are going to assess Super-tax on the profits of the business, you do not aggregate the profits of father and son. You have the father taxed on his share and the son on his share. They are separate persons. So we do not think we can treat them as the same persons as others obtaining relief. Income Tax is essentially a personal tax and not a tax on business as

in the case of Excess Profits Duty. It is a personal burden on the individual, and we do not think it right therefore to ask the Committee to accept a provision that enacts in a case like this that two persons shall be treated as one. If the son succeeds to a business which had originally a capital of £20,000 and the father has losses of £3,000 the son gains £17,000 instead of gaining £20,000.

It does not seem, therefore, fair that for Income Tax purposes he should be allowed to keep it for his own. For these reasons the Government cannot accept the Amendment.

Amendment negatived.

Question, "That the Clause, as amended, stand part of the Bill," put and agreed to.

CLAUSE 28.—(*Amendment of Section 84 of Income Tax Act, 1918.*)

Mr. GATES: I beg to move, in page 15, line 28, to leave out the word "may" and to insert instead thereof the word "shall."

Mr. CHURCHILL: I think it may save the time of the Committee if I say that the Government are prepared to accept this Amendment. It carries out our intention with regard to these appointments. I shall not be able to accept the next Amendment on the paper—in page 15, line 29, after the word "pleasure" to insert the words "with the benefits of the Superannuation Acts, 1834 to 1909"—because—

The CHAIRMAN: That is not in order.

Mr. CHURCHILL: Then I am relieved from arguing that matter by your ruling. Nor shall I be able to accept the Amendment in the name of the hon. Member for the Moss Side Division (Mr. G. Hurst)—in page 15, line 30, after the word "remuneration" to insert the words

"not being less than the remuneration paid for the year ending the thirtieth day of April, 1927."

I could not accept that because it would suggest that the remuneration should remain unchanged in respect of any additional work. I am ready to accept the Amendment of the hon. Member for Abingdon (Major Glyn), which deals with the position of the collector. I am not attempting to argue these

points, but I thought it would be more convenient for the Committee to know the intention of the Government at this point.

Mr. GATES: May I thank the right hon. Gentleman?

Amendment agreed to.

Major GLYN: I beg to move, in page 15, line 36, at end, to insert the words

(2) Where by virtue of section eighty of The Income Tax Act, 1918, the General Commissioners have power to appoint a collector for any area those Commissioners shall appoint a collector for that area to hold office during their will and pleasure, and sub-section (1) of that section shall have effect as if for the words "in the month of April in every year" there were substituted the words "within a month from the occurrence of a vacancy for a collector."

In view of what the right hon. Gentleman has said, I will not delay the Committee. I understand the Government accept the Amendment, and I therefore formally move.

Amendment agreed to.

Motion made, and Question proposed, "That the Clause, as amended, stand part of the Bill."

Mr. DALTON: Now that we have reached this stage, I think it may be convenient to ask the Chancellor of the Exchequer how much further he proposes to go. We have dealt with 20 Clauses and considerable progress has been made. I understand that the evasion group of Clauses are not to be taken. They deal with Super-tax, and Clause 34 also contains some technical points.

Mr. CHURCHILL: I am afraid I must ask the Committee to carry out the plan which we set in mind at the beginning of the day, which was not objected to by any of the leaders of the various parties concerned. It is quite true that we have now completed Clause 28. I propose now to move the postponement of the Clause dealing with the Super-tax and the evasion section in order that they may be brought on in good time on Monday, and to proceed with the other Clauses up to Clause 45, stopping there. I do not think that in these Clauses there is any controversial matter that will be raised. That leaves the evasion problem for Monday and the Road Fund, as large

[Mr. Churchill.]

issues for that day, and we will keep one day further for the Debate on the Betting Duty.

Question, "That the Clause, as amended, stand part of the Bill," put, and agreed to.

"Clause 29 postponed until after Clause 45.

"Clause 30 postponed until after postponed Clause 29.

"Clause 31 postponed until after postponed Clause 30.

"Clause 32 postponed until after postponed Clause 31.

"Clause 33 postponed until after postponed Clause 32.

"Clause 34 postponed until after postponed Clause 33."

Clauses 35 (Charge of Income Tax at standard rates and at higher rates in respect of income above certain amount), 36 (Provisions with respect to Income Tax chargeable by way of deduction), 37 (Substitution of reliefs by way of reduction of tax for reliefs by way of deductions from assessable income, &c.), 38, (Provisions with respect to making and determination of claims), ordered to stand part of the Bill.

CLAUSE 39.—(*Provisions as to date of payment, assessment, &c., of Surtax*).

Sir COOPER RAWSON: I beg to move, in page 26, line 13, at the end, to insert the words

"Provided that, if an individual liable to surtax under section thirty-five, paragraph (b), hereof died during the year of assessment, no surtax shall be assessed or charged in respect of such year of assessment, and if he die during the year next following the year of assessment a part only of this surtax shall be payable, proportionate to the part of the year next following the year of assessment as shall have elapsed before the date of death."

The object of the Amendment is to prevent injustice to the estates of deceased taxpayers of the consequences of this Act in connection with the change over from Super-tax to Surtax, and also to bring Surtax practice into the same line as case law with regard to Super-tax. The present practice is governed by Section 6 of the Income Tax of 1918, and, if a Super-taxpayer dies during any year for which Super-tax is chargeable, his estate is liable only for a proportion

of the Super-tax up to the actual date of his death. As an illustration, if under the existing tax a Super-taxpayer is liable for £200 Super-tax payable under this Bill on 1st January, 1930, and he dies on 5th April, 1929, his estate pays nothing, but if he dies on 5th October, 1929, his estate pays one-half, or £100, according to when he dies.

Under this Bill, if he dies on the same date, and his estate is liable to the same amount, his estate is liable for the whole amount whether he dies on 5th April or any subsequent date. The only object of the Amendment is to bring the law with regard to Surtax into the same line as the law regarding Super-tax.

The ATTORNEY-GENERAL: I am afraid it is not possible for the Government to accept the Amendment which has been moved by my hon. Friend. The position, the Committee will appreciate, is that by virtue of the charges proposed in the Finance Bill Super-tax disappears and another tax called Surtax takes its place. Surtax is only really an additional Income Tax, the levying of which is deferred for a certain period. Under the Clause nobody will pay Surtax for more or less years than he has a Surtax income. Everyone will pay Surtax on exactly the number of years for which he enjoys an income which renders him liable to Surtax. Under Super-tax, people paid the tax for a year less than they ought, for they paid it not in the year they first entered it, but the year after. Now we are changing the system. The Surtax, which is only a deferred amount of Income Tax, is going to be levied in every case for exactly the number of years for which a person is liable to pay it—for exactly the period during which the person surtaxed enjoys an income which entitles him to the Surtax. We could not accept the Amendment, the effect of which would be that people liable to the Surtax would pay less Surtax.

Sir FRANK MEYER: I am sorry the Government have not seen fit to accept this Amendment. I hope they will carefully consider it before the Report stage, because I do not think the Committee, or the country, has fully realised that under the guise of simplification, and making the Super-tax combine with the Income Tax into one tax, the Government is

getting an extra year, just as the Chancellor of the Exchequer, by shortening the brewers' credit, has got two months in the last two years, and under Schedule "A" in one year he is getting six months ahead. It will not be recovered until the Day of Judgment. Only people who have studied the question have realised that he is going to get an extra year's Super-tax. Whereas it has been one year in arrear, it is now brought forward and people will be mulcted to that extent. The estates of people who die shortly after the end of the financial year will have to pay the full year's tax. That seems to have been brought forward without the attention of the country being closely drawn to it. Between now and the Report stage the Government should consider whether they have been quite fair to the hard-pressed taxpayer.

Sir COOPER RAWSON: Will the right hon. Gentleman reconsider this matter between now and the Report stage, so that we can put before him new facts? Anybody who dies after this year suffers a great disadvantage. People who die before this Act are more fortunate. I do not see why anybody should have to pay extra death duty in consequence of this Act. I hope he will allow me to put before him further facts.

Mr. CHURCHILL: In the general scheme of simplification there are various aspects which must be considered together and balanced against each other. It happens in this particular aspect that there is a gain of revenue to the Exchequer, but in another aspect there is a counterbalancing loss. But, on the whole, I contemplate, in consequence of the scheme of simplification, that the burden on taxpayers as a whole should be virtually unchanged. In these circumstances I think it would be a great pity to make a change which would disturb this balance, and, although between now and the Report stage I would be willing to give my attention to any considerations which my hon. Friend may bring before me, I cannot hold out any hopes that I can satisfy his desire that I should surrender the gain of revenue which results from one part of the scheme while, at the same time, I should still have to give back to the tax-

payers in respect of another part of the scheme a revenue which almost exactly equals that gain.

Mr. GILLET: Does the right hon. Gentleman agree with the statement of the hon. Member whom I understood to imply that everybody is going to be liable to pay an extra year. That was the point the hon. Member meant. I was under the impression that what happened was that the year's Super-tax was going to be put forward so as to be one year closer than it was originally, and that ultimately the number of years would be no different from what it was before. The hon. Member implies that it would mean paying an extra year, if not in a lifetime at any rate at the time of death. I think we ought to have the position stated quite clearly to-night.

Mr. DENNIS HERBERT: It appears now to be quite clear that it is the intention of the Government to impose a new tax. So far as I have been able to discover there is not in the Budget Resolutions any Financial Resolution on which to found this new tax. The particular reason why I ask the question of whether there is is this; that I think it has been generally supposed by the hon. Member who moved this Amendment, and many others, that we had discovered what was an obvious mistake. Now we find that it was the intention of the Government to impose this new tax. The Committee is taken completely by surprise, having had no warning through the Financial Resolutions, and it finds that it is the intention of the Government to impose a new tax.

I should like the Chancellor to say a word or two on that. I do not want, exactly at this stage of the proceedings, to raise the question in such a way as to cause serious delay, but I am not sure that I should not reserve my right until after the Chancellor has replied to refer the matter to you, Mr. Chairman, as to whether this Clause can be considered in this way without a Financial Resolution.

The CHAIRMAN: Do I understand that the hon. Member submits that question as a point or Order?

Mr. HERBERT: I was wishing to do so, but I was going to delay in the hope that the Chancellor might say a word on the subject.

Mr. CHURCHILL: I will, indeed, if only for the purpose of saving my hon. Friend the trouble of putting a question to the Chair, as to which I anticipate there can be only one answer. Perhaps it has escaped the attention of my hon. Friend that this part of the Bill does not come into operation this year, but only next year, and, therefore, an omnibus Resolution will be necessary before this set of provisions can acquire any validity and become effective, and, therefore, there will be no breach of that time-honoured and most invaluable element in our procedure, namely, the preceding of the imposition of taxes by passing a special Resolution. The Resolution will have to be passed next year before this tax can become operative.

Mr. HERBERT: May I suggest very respectfully to the Chancellor of the Exchequer that he should refresh his memory as to the exact wording of these valuable Standing Orders of the House? There are two of them, Nos. 66 and 67, which are very much in the same language. No. 66 says:

"This House will receive no petition for any sum relating to public service," etc. No. 67 says:

"This House will not proceed upon any petition, motion, or bill, for granting any money,"

etc. Under these circumstances, I suggest that what the Standing Orders require is not a Financial Resolution before something becomes operative, but a Financial Resolution before this House will proceed to receive a petition or proposals, and that the proposals for new taxation should not be entered upon without a Financial Resolution precedent.

The CHAIRMAN: If this were a new point, it might cause me some difficulty, but it has been laid down by at least one ruling in the past that, if a tax be not operative in the year in which it is proposed, a Clause can be accepted to take effect in the following financial year, if a Resolution to that effect be brought forward in that year which gives vitality to what up to that point was an academic proposition. What the House is asked now to decide is that a particular proposition can come into effect in a future year, but only if in the following year an omnibus Resolution giving authority is brought forward

and carried. I think a former ruling covered that, and I do not feel compelled without notice to say anything as to former Rulings.

Mr. HERBERT: I do not wish to delay the proceedings by a dispute in regard to the Ruling you have just given, but I do ask the Committee to consider the point for one moment.

The CHAIRMAN: I think we had better get rid of the Amendment. If the hon. Member wishes to say anything further, it should be on the Motion "That the Clause stand part of the Bill."

Amendment negatived.

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Mr. HERBERT: Before we part with this Clause, I would like to say a word on the aspect of the question of a Clause dealing with a new tax or new charge without a Financial Resolution preceding it. I think this is an example of the usefulness of the Standing Orders of the House if interpreted as I suggest they should be—namely, that no Bill dealing with a new tax should be considered or entertained by the House until after it has had warning and given previous consideration to a Financial Resolution. This House has always treated with the very greatest respect the Rulings given from the Chair either in Committee or in the House, but no one who has ever occupied the Chair would, I believe, have ventured to do otherwise than to admit that even the greatest of our Speakers or Chairmen has given only one Ruling.

The CHAIRMAN: The hon. Member may argue that a Clause of this sort should not be brought forward without a Resolution, but he cannot argue against what is now the practice of the House and authorised by previous Rulings. He may argue that this Clause is not one of the nature that should be brought forward in one Session and given validity by Resolution in the next, but I do not think that this is an occasion on which he can argue the whole constitutional question involved. He may argue as to this particular Clause but not on the general question, and he cannot controvert former Rulings.

Mr. HERBERT: I bow to that, and I will only remind the House that this does appear to be a case where it is unfortunate that the Committee did not have previous warning by a Financial Resolution, with the result that the Committee has been surprised in discovering that, instead of being a mistake in the drafting of the Clause, the Government have intended to propose for a future year a new tax of which Parliament has had no previous warning.

Mr. CHURCHILL: I really must take notice of the complaint. So far from the Committee not having the usual warning of any new tax being proposed, they are having more than a year's warning. They are having all the warning given by what has taken place now. They will have the whole year to profit by that. They will have all the warning of the Financial Resolution next year, and all the other warnings which my hon. Friend will, no doubt, bring forward.

Lieut.-Colonel Sir FREDERICK HALL: With regard to the question of Super-tax being collected a year after it is earned, are we to be in the position eventually, in order to make up the leeway, of having two years' Super-tax collected in one year?

Mr. CHURCHILL: Only if you are dead.

Question, "That the Clause stand part of the Bill," put, and agreed to.

CLAUSE 40.—(*Power to require returns of income from all sources.*)

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Mr. E. BROWN: Are there any new powers being taken under this Clause? I should like to have a word, if new powers are being taken under it.

Mr. CHURCHILL: There are no new powers.

Mr. GILLETT: What do the words "shall be extended" mean? I have heard it suggested that in future the details given for preparation of Income Tax, instead of, as at present, being that income from investments comes to so much, will, under the powers being obtained here, have to include particulars

in regard to investments. I understand that this is to give greater powers to the Income Tax Commissioners.

Mr. CHURCHILL: It makes no difference whatever. The only object of this Clause is, not to expand the powers, but to enable the system of one man one return to be adopted, and to provide the necessary machinery to give effect to that important simplification. We are not in any way altering the existing powers to obtain the return of income from all sources which are possessed by the Income Tax authorities, but are only regrouping and redispersing of them in such a way as to facilitate the proceedings.

Question, "That Clause stand part of the Bill," put, and agreed to.

Clauses 41 (*Special provisions as to returns in connection with sur-tax, etc.*), 42 (*Basis of assessment for Schedule B, etc.*), 43 (*Minor amendments*), and 44 (*Construction and commencement of Part III and repeals*) ordered to stand part of the Bill.

Clause 45 (*Amount of New Sinking Fund (1923) for 1926-27*).

The CHAIRMAN: The Amendments in the name of the hon. Member for Leicester West (Mr. Pethick-Lawrence)—in page 34, line 32, to leave out the words, "as respects the current financial year"; and in line 34, to leave out the words, "as respects that year"—would increase the charge and are therefore out of order. With regard to the Amendment standing in the name of the hon. Member for Reading (Mr. H. Williams)—in page 34, line 35, at the end, to insert the words,

"The National Debt Commissioners shall hypothecate for the purpose of paying interest on national savings certificates which may be encashed after the thirty-first day of March, nineteen hundred and twenty-eight, so much of the Sinking Fund as shall be equal to the excess of the interest accruing in respect of national savings certificates during the year ending on the thirty-first day of March, nineteen hundred and twenty-eight, over the amount which shall have actually been paid in interest on the encashment of national savings certificates during that year."

I confess that I am not at all clear as to whether that does not increase the charge also. If the hon. Member wishes to move it, perhaps he will state what is the effect of it.

Mr. SMITHERS: Was it not part of the understanding that we should only go as far as the end of Clause 44?

HON. MEMBERS: Clause 45.

Question, "That the Clause stand part of the Bill," put, and agreed to.

Motion made, and Question, "That the Chairman do report Progress and ask leave to sit again," put, and agreed to.—
[*Mr. Churchill.*]

Committee reported Progress; to sit again upon Monday next (4th July).

The remaining Orders were read, and postponed.

It being after half-past Eleven of the Clock upon Thursday evening, Mr. DEPUTY-SPEAKER adjourned the House without Question put, pursuant to the Standing Orders.

Adjourned at a Quarter after One o'Clock.

HOUSE OF COMMONS.

Friday, 1st July, 1927.

[OFFICIAL REPORT.]

The House met at Eleven of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

Wallasey Corporation Bill [*Lords*] (by Order),

Second Reading deferred till Thursday next, at a quarter-past Eight of the clock.

West Cheshire Water Board Bill [*Lords*] (by Order),

Read a Second time, and committed.

Mexborough and Swinton Tramways Company (Trolley Vehicles) Provisional Order Bill,

Pier and Harbour Provisional Orders (No. 2) Bill,

Southend-on-Sea Corporation (Trolley Vehicles) Provisional Order Bill,

Read the Third time, and passed.

Gravesend, Rosherville and Northfleet Tramways (Amendment) Provisional Order Bill,

As amended, considered; to be read the Third time upon Monday next.

Reorganisation of Offices (Scotland) Bill.

Petition of the Faculty of Procurators in Glasgow, for amendment; to lie upon the Table.

PERSONAL EXPLANATION.

Colonel GRANT MORDEN: On reading the OFFICIAL REPORT of 26th May, I find I am reported to have said, during the Debate on Russo-British relations, that in a certain event the pay of the Opposition from a Foreign Government would stop. On looking at the matter, I find that I made a wholesale reflection upon Members of the Opposition which, after consideration, I frankly and fairly admit cannot be justified, and I have no hesitation in withdrawing it.

No. 91

Mr. MACKINDER: I have to say that, having heard the hon. Member's statement, I want to be just as frank and fair to Members of all parties. I made outside the House a statement which reflected upon the hon. Member for Brentford and Chiswick (Colonel Morden). That statement I ask permission to withdraw unreservedly.

EAST INDIA (BUDGET).

Address ordered for "Return of the Budget of the Governor-General of India in Council for 1927-28."—[*Earl Winter- ton.*]

WRITTEN ANSWERS.

GOVERNMENT DEPARTMENTS.

POST OFFICE (TYPISTS).

Mr. AMMON asked the Postmaster-General what is the number of temporary staff employed in headquarters' offices, provincial engineering, stores, surveyors', district managers', and postmasters' offices, respectively, in each of the following grades: Grade 1 shorthand typists, Grade 2 shorthand typists, Grade 1 copying typists, and Grade 2 copying typists; and the average length of service of the shorthand typists and copying typists concerned?

Viscount WOLMER: It is not possible without extensive inquiry either to give the number of temporary staff concerned in the form desired by the hon. Member or to state their average length of service. The total numbers of such staff are, however, as follows:—

		Shorthand	
		Typists.	Typists..
Grade I	...	27	70
Grade II	...	29	14
		—	—
		56	93
		—	—

Equals total 149.

MINISTRY OF HEALTH (TYPISTS).

Sir W. de FRECE asked the Minister of Health what is the number of temporary staff employed in London head-

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quarter offices and provincial offices, respectively, apart from the Scottish and Welsh Boards of Health, and in the National Insurance Audit Department, respectively, in each of the following grades: Grade 1 shorthand typists, Grade 2 shorthand typists, Grade 1 copying typists, and Grade 2 copying typists; and the average length of service of the shorthand typists and copying typists concerned?

Mr. CHAMBERLAIN: The number of temporary shorthand typists and copying typists employed in the London head-quarter offices and provincial offices of my Department (apart from the Welsh Board of Health) and the average length of service of the officers concerned is as follows:

London Offices:

Shorthand typists, Grade I ...	21
Shorthand typists, Grade II ...	5
Average length of service 3 years	
7 months.	
Copying typists, Grade I ...	46
Copying typists, Grade II ...	31
Average length of service 3 years	
2 months.	

Provincial Offices:

Shorthand typists, Grade I ...	3
Average length of service 1 year	
4 months.	

As regards the National Insurance Audit Department, I would refer the hon.

Member to my right hon. Friend the Financial Secretary to the Treasury.

ROYAL DOCKYARDS (EMPLOYEES).

Mr. HORE-BELISHA asked the Parliamentary Secretary to the Admiralty the number of men in employment in each of the Royal Dockyards for each quarter since January, 1926?

Lieut.-Colonel HEADLAM: The figure for April, 1927, to supplement those contained in the statement given in the reply to a question by the hon. Member on the 18th February last are:

Portsmouth ...	11,645
Devonport ...	10,854
Chatham ...	8,442
Sheerness ...	2,127
Pembroke Dock ...	47
Rosyth ...	197

Mr. HORE-BELISHA asked the Parliamentary Secretary to the Admiralty whether he will give the figures showing the total number of men employed in Devonport Dockyard in each of the months from January, 1926, to May, 1927, showing established men and hired men, respectively?

Lieut.-Colonel HEADLAM: The numbers of workpeople employed in the Vote 8 Departments of Devonport Dockyard were as follow on the dates shown:

						Established.	Hired.	Total.
1926.								
30th January	...	...	...	...	...	3,247	7,838	11,085
27th February	...	...	...	...	...	3,291	7,835	11,126
27th March	...	...	...	...	...	3,420	7,804	11,224
24th April	...	...	...	...	...	3,505	7,799	11,304
29th May	...	...	...	...	...	3,514	7,815	11,329
26th June	...	...	...	...	...	3,512	7,802	11,314
31st July	...	...	...	...	...	3,509	7,804	11,313
28th August	...	...	...	...	...	3,499	7,785	11,284
25th September	...	...	...	...	...	3,490	7,849	11,339
30th October	...	...	...	...	...	3,478	7,701	11,179
27th November	...	...	...	...	...	3,466	7,636	11,102
25th December	...	...	...	...	...	3,462	7,627	11,089
1927.								
29th January	...	...	...	...	...	3,448	7,602	11,050
26th February	...	...	...	...	...	3,437	7,741	11,178
26th March	...	...	...	...	...	3,422	7,581	11,003
30th April	...	...	...	...	...	3,399	7,116	10,515
28th May	...	...	...	...	...	3,377	7,198	10,575

These figures do not include employes in the Works, Naval Ordnance and other

Departments provided for otherwise than in Vote 8 of the Navy Estimates, and are

therefore in correspondence with those given in reply to a question by the hon. Member on 4th February, 1926 (OFFICIAL REPORT, col. 326).

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WAR CASUALTIES (NUMBER
UNDER TREATMENT).

Colonel DAY asked the Minister of Pensions how many wounded men are

still undergoing treatment as a result of the late War?

Major TRYON: The number of men suffering from wounds or injuries, as distinct from other classes of disability who may be undergoing treatment, are not separately recorded, but I may say that at the end of May last, 5,000 officers and men were in receipt of surgical treatment of one kind or another.

ORDERS OF THE DAY.

MONEYLENDERS BILL.

As amended (*in the Standing Committee*) considered.

Mr. SPEAKER: I select first the Amendment which stands second on the Notice Paper, in the name of the hon. Member for East Rhondda (Lieut.-Colonel Watts-Morgan).

CLAUSE 1.—(*Licences to be taken out by moneylenders.*)

Lieut.-Colonel WATTS-MORGAN: I beg to move, in page 2, line 9, at the end, to insert the words

“() where the total amount of the duties payable by a moneylender exceeds one hundred pounds the Commissioners of Customs and Excise shall remit any excess over that sum or, if the duty has been paid, repay such excess.”

In the Standing Committee I argued that the provisions of the Clause as it stood were unreasonable in relation to large corporate companies. When a company was formed with a large number of branches I said there should be a maximum placed on the total amount of duty it had to pay. I do not propose to weary the House with the same set of arguments that I used in Committee, but I am entitled to point out that pawnbrokers are dealt with in a very much fairer and more reasonable way than are moneylenders. There are insinuations being passed around that I hold a brief for the moneylenders. I am speaking individually and for myself alone, and I do not desire that my Party should be considered in any way responsible for the remarks that I make. Any statement I make I make entirely because I was asked to be a member of the Select Committee of both Houses which conducted an investigation into this subject—a very early investigation, it is true, and not a very complete and detailed one. I wish to make that explanation. If there is any Member of the House who thinks that I hold a brief for the moneylenders, I would assure him that there is no foundation for it. I shall have something further to say on that subject later.

My sole point in moving this Amendment is that I want the spirit of fairness

and impartiality to be exercised towards all people who are in any way connected with the moneylending business in this country. The pawnbroker will get his licence, and he will be able to trade as a moneylender for £7 10s. The hon. and learned Member for South Shields (Mr. Harney) has attempted to reduce the licence duty of the moneylender from £15 to £10 by putting on the Paper an Amendment to that effect. Even had that Amendment been carried the moneylender would have been called upon to pay £2 10s. more than the pawnbroker, although trading under similar conditions. Even with the £100 which I propose as the maximum duty payable by a moneylender, he will be able to get only six licences, while the pawnbroker will be able to get 12 licences for the same sum. Cases could be cited and examples given where the same practice as I seek to establish is already in operation. The legislation with regard to joint stock companies and other companies could be cited. I hope that the promoters of the Bill will be prepared to do something in the direction of the proposal of my Amendment.

Mr. HARNEY: I beg to second the Amendment.

There is another Amendment of mine further down to make the total duty payable £50 instead of £100. I have been a Member of the Standing Committee that considered this Bill, and I am concerned only to get a workable Measure. The Bill has been greatly altered in Committee, but there are a few things remaining to be done and this is one of them. As the Bill stood originally, if there were three partners with 10 branches they had to pay for thirty licences at £15 each. That was £450 for one firm. There was a certain advance made to meet our views, and it was this. The promoters said that if there were partners with a number of branches, licence duty would be charged only in respect of the number of branches. In other words, if there were three partners with 10 branches, instead of their paying for 30 licence duties they would have to pay for only 10 licence duties. That was a concession. But the fact remains that such a firm would have to pay £150 for the 10 branches. There is a difference between the branches of a moneylender's business and the branches of a

pawnbroker's business. The pawnbroker carries on an independent business at each of his branches; they are so many separate businesses, and he pays a licence for each. On the other hand the moneylender does the whole of his business from the central office; it is the central office that finds the money and lends it, but the branches are convenient places to which clients can go.

In these circumstances it is only fair that some limitation should be put upon the amount of duty that has to be paid. It has been stated by the Proposer of the Amendment that pawnbrokers are in a more favourable position. Of course they are. I am not saying a word against pawnbrokers, but I am none the less in favour of this limitation. I do not know whether it would be convenient for me now to say a word on the first Amendment on the Paper, which has been passed over but is really involved in this Amendment. It was a proposal that the licence duty should be reduced from £15 to £10. That would still leave the duty payable by the moneylender £2 10s. higher than the duty paid by the pawnbroker. If there are ten branches, they represent a payment of £100 a year which is a very fair amount to ask anybody to pay for carrying on an admittedly legal business. This Bill presumes that money-lending is a perfectly legitimate business, as, of course, it is. It is a part of the commercial activities of the world. In another part of the Bill it is insisted that moneylenders must be persons of good character so that here you have persons of good character carrying on a legitimate business to meet the requirements of the public, and in the circumstances I submit a license duty of £10 is quite sufficient, with a total maximum either of £100 or as I suggest, £50.

Mr. BURMAN: The promoters of the Bill do not feel that they can accept this Amendment. The figure of £15 is a compromise figure. At the Joint Select Committee which originally considered this question, a figure of £15 was accepted and, when the Bill came to be drafted, the figure of £15 applied to every member of a partnership firm in addition to every address at which the partnership carried on business. It was found, on working the matter out, that this was really oppressive and, by

another compromise, it was agreed that the amount of £15 should only apply to the addresses, no matter how many partners there might be in the firm. There was a further concession made with regard to pawnbrokers. The pawnbrokers' licence is £7 10s., but if he desired to take out a moneylender's licence, as practically every pawnbroker must do if he deals in sums above £10, he then would have had to pay an additional £15. A concession was made in this respect—that he should only be required to pay half the amount of the moneylender's fee, so that for £15 he could get both his pawnbroker's licence and his moneylender's licence. The promoters consider that it would be inadvisable to depart from the compromise arranged in the Joint Select Committee and debated at great length in the Committee on the Bill. The proposal to reduce the fee from £15 to £10 was then defeated, and I hope it will be defeated on this occasion. The pawnbroker has to pay £7 10s. in respect of each address at which he carries on business. The publican pays a licence duty for every public-house which he owns and an *ad valorem* duty, in addition, and I do not think it can be considered unfair to moneylenders that they should pay on each branch at which they conduct business. Surely it would scarcely be worth the moneylender's while to open a branch unless he could afford to pay this licence duty in respect of it. Under the Amendment, a moneylender, for £100, would get seven licences, and then as many more as he wanted. That would seem to be unreasonable and unfair.

Mr. SCURR: This Amendment ought not to be accepted. As the hon. Member who has last spoken pointed out, every publican who has more than one business has to pay license duty on each business in addition to other duties, while the effect of the Amendment would be that a moneylender could set up a business in every town and only pay £100. I take it that moneylenders are business men and only set up a branch where they expect to get business. If they could obtain all the business they desired by having only one establishment, they would only have one establishment; and the fact that they consider it necessary to have branches indicates that those branches are going to attract clients.

Mr. OLIVER: I hope the promoters will resist the Amendment which would fix the revenue derived from this body of people at a maximum of £100. As the last speaker has said, a moneylender for that sum could have a branch in every town and in every thickly populated district in every town.

Mr. WELLS: I would also point out that if this Amendment were carried it would involve unfair competition as against the small moneylender who has only one establishment.

Lieut.-Colonel WATTS - MORGAN: Having regard to the remarks of the promoters I beg leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

CLAUSE 2.—(*Certificate required for grant of Moneylender's Excise licence.*)

Mr. SPEAKER: With regard to the Amendments to Clause 2, I should like to know if the hon. and learned Member for South Shields (Mr. Harney) has any choice to make of those standing in his name. I do not know how far they hang together, but I shall select whatever one he wishes to move as covering his point.

Mr. HARNEY: I can deal with all these Amendments in a composite manner.

Mr. SPEAKER: Moving the first one on the Paper?

Mr. HARNEY: I will, if I may, move the first one and I will connect it with the others.

Mr. SPEAKER: Very well.

Mr. HARNEY: I beg to move, in page 3, line 23, to leave out from the word "the," in line 23, to the end of line 26, and to insert instead thereof the words,

"county court judge for the division in which the moneylenders' business is to be carried on."

This Clause makes it necessary for every moneylender to take out a certificate, and every certificate is to be the basis of a licence. It will therefore be seen that if there were three partners, each would have to take out a certificate, and, if there were 10 branches, a certificate would have to be taken out in each branch. These certificates would

be taken out in different places at different times and before different Benches of magistrates, and, in considering whether a certificate is to be granted or not, the tribunal has to decide whether there is satisfactory evidence that the applicant is of good character, whether there is, on the other hand, satisfactory evidence that he is not a fit and proper person, and, finally, whether he has complied with the various rules.

These are questions that really open up a latitude for the exercise of a good deal of preconception and prejudice. What is good character? Is it good moral character, is it good commercial character, is it not being a rowdy person? Different benches will take different views on all these questions, and it is in the interests of uniformity that a county court judge should grant the certificate in the first instance, and that every certificate afterwards required should be obtained from the same county court judge. But the Amendment does not go so far as that. It goes only so far as saying that the certificate ought to be granted by a county court judge. The advantage is that the decisions of a county court judge become authorities that bind other county court judges. They are men who have had the same training and the same ways of appraising evidence, and before such tribunals what is good character, what is a fit person, what is compliance with the various rules and requirements would soon become crystallised into well understood propositions, and it would, therefore, bring about uniformity.

If you leave the matter, as it is now, to the magistrates, you may have a bench of magistrates in one district saying they are not satisfied that an applicant is of good character, because of the views they have on the question of character, whereas a bench in another district may take an entirely opposite view. Again, at one time when a man applies for a certificate he may have one lot of magistrates, with one set of views, and at another time, in the same district, when he applies for another certificate, he may go before another bench, with different views, and the whole thing would result in chaos, quite apart from the fact that it is well known that these are very frequently to be found on lay benches men who are rather subject to

prejudice and preconception. The moneylender, in my opinion, has been a very much maligned person, but that is neither here nor there. I think a great number of things are attributed to him that are very unjustly so attributed and there is, therefore, in my view, a great deal to be said for my Amendment to substitute a county court judge for a petty sessional court.

Mr. MARDY JONES: I beg to second the Amendment.

Mr. BURMAN: This proposal is one to transfer the granting of a certificate of good character to a moneylender from the petty sessional court to the county court. I submit that that alteration would be very difficult to carry out. For one thing, the county courts have no facilities for this kind of work, and, moreover, they are unsuitable in a variety of other respects. The granting of certificates of good character for many years was done by the petty sessional courts under the Act of 1872, but subsequently, by an amending Act, a part of these duties was transferred to the district and borough councils, so that now they are partly granted by the district and borough councils and partly by the petty sessional courts. It seems to me that, as the magistrates are very accustomed to this kind of work, and constantly have it before them, and have all the necessary facilities, it would be a great mistake to impose duties of a novel character on the county courts, who have had no previous experience of them.

It has been found from experience that anyone who makes an application for a licence would rather go before a bench of magistrates than before a popularly elected body, where men change every year, it may be, and where political partisanship might arise, whereas, in the case of the petty sessional courts, that would not be the case. Therefore, I submit that the best policy would be to give to the petty sessional courts this power of granting certificates of good character to moneylenders, especially when we bear in mind that by the control and assistance of the police, they are enabled to accumulate a mass of evidence with regard to applicants which it would be quite impossible for the county courts to have. Therefore, I hope the House will not accept the Amendment.

Mr. HARNEY: On a point of Order. What I have moved is that the County Court Judge should take the place of the magistrate, for this reason, that one of the things that would have to be decided would be whether there was satisfactory evidence of a person being of good character. That point is dealt with in one of the subsequent Amendments in my name to this Clause, and I wish to ascertain whether, when we are dealing with these omnibus Amendments, I shall have an opportunity, in case the first Amendment is lost, of saying something on the two subsidiary Amendments.

Mr. SPEAKER: I understood that the hon. and learned Member in his speech moving the first Amendment would cover the other Amendments on this Clause, and I was not proposing to call upon the subsequent Amendments in his name.

Mr. HARNEY: Would it be permissible for me to deal with them now?

Mr. SPEAKER: May I suggest this, that the hon. and learned Member would have a right to reply to the discussion on this Amendment, as this is a Bill that has been taken in Committee upstairs, and he might, in his reply, take the opportunity of referring to the other Amendments?

Mr. DENNISON: This point seems not to have been dealt with either by the Select Committee or upstairs, and it appears to me that there is some sound sense in it, because, whether or not we like it, the fact has been accepted that the profession of moneylender, if you call it a profession, is a very important profession, particularly to those who borrow and do not want to pay back. But, generally speaking, there is a considerable amount of prejudice against the moneylender, and petty sessional courts and benches of magistrates are not always impartial, as some of us know. The promoter of the Bill says that the benches are free from political bias, but I am not going to accept that view. Hon. Members on this side know perfectly well that on many occasions we have had to express our views here about the political composition and the prejudices of many of the benches up and down the country, so that I think there is something to be said for this Amendment, and that it would be much better to transfer this

[Mr. Dennison.]

duty to a County Court Judge, who obviously, in these particular cases, would be above suspicion from the point of view of local prejudices, and might bring to bear his experience as a lawyer on the evidence that might be submitted by a superintendent of police or a police constable as to the character of an applicant for a certificate. I happen to be a magistrate of a bench; in fact, I have been a magistrate of two benches in my short life. I can say that the individuals I have met on the magisterial bench are excellent persons socially, but most of the people who compose our magisterial benches, even in these days, have been appointed by the party which may be in power for the time being, and an examination of the magisterial benches will show that they are packed to-day with people of a particular colour and belonging to a particular class of the community. Many of the magisterial benches are drawn from tradespeople, and so on, some of whom have had to have recourse to moneylenders, who, I understand, at times treat their clients very badly.

This Amendment deserves further consideration, and I regret very much that the promoter of the Bill did not wait to hear some other Members speak on it, before giving his decision, because I appreciate the difficulty of giving way now. But I do ask him and those associated with him to examine this point, because it was never discussed in Committee upstairs. I wish I had had the foresight and intelligence when the Bill was upstairs to bring the Amendment forward. I should like to hear some of the legal Members on the Front Bench opposite give their views on this Amendment.

Mr. SCURR: I very much regret that, although I am in agreement with a number of statements made by my hon. Friend the Member for King's Norton (Mr. Dennison), I cannot draw the same conclusions. As far as we are concerned with this case, we are not dealing with a question of law. If it were a question of law, I should be one of the first to say that such a matter should not be referred to a Petty Sessional Court, but here we are dealing with a question of character. Everyone who has been a member of a bench of magistrates knows

the great care which is taken in the investigation of the characters of persons who apply for public house licences. There is the police evidence, and there are all kinds of other evidence. I have sat on a bench of that kind, and I know the great care taken to be absolutely fair. But I have known cases where there have been licences granted which I, personally, would not have granted, and where the balance has all the time been weighted in favour of the applicant.

We have to discuss not only this Amendment, which would transfer the granting of certificates from the Petty Sessional Court to the County Court Judge, but also the other Amendments in the name of the hon. and learned Member for South Shields (Mr. Harney). The hon. and learned Member desires to strike out paragraph (a) of Sub-section (6) and to substitute the words "a certificate signed by three responsible householders." I submit that that Amendment would really be playing with the whole question. After all, it is always possible to get certificates of good character from responsible householders. Every householder is responsible. Every one of us, I think, has sufficient friends to secure at least three to testify as to good character. When a person is going to carry on a business of this kind, his character ought to be examined; he ought not to be afraid of coming before a public tribunal the same as other people with regard to their business. For these reasons, I oppose the Amendment.

The FINANCIAL SECRETARY to the WAR OFFICE (Commodore Douglas King): The hon. Member for King's Norton (Mr. Dennison) regretted that he had not longer time in which to study this Amendment.

Mr. DENNISON: I said that the matter was not discussed upstairs in Committee; that was my point.

Commodore KING: I was only going to remark that, of course, the promoters of the Bill, the Government and other Members of the House have only had the opportunity of seeing this Amendment on the Order Paper this morning, but I think there are very obvious objections to it. The hon. and learned Member for South Shields (Mr. Harney), I think, overlooked the fact that, except in the

London area, if the duties were transferred to the County Court, they would only be sitting about once in three months, and, therefore, there would not be the ready access to the authority that you have under the Bill.

Mr. MARDY JONES: Does that apply to London or to the Provinces?

Commodore KING: I said to the Provinces.

Mr. JONES: Only once in three months?

Lieut.-Colonel WATTS-MORGAN: Is that correct? In all the districts with which we are acquainted, the county courts meet monthly.

Commodore KING: It varies in different parts, but, whatever the period may be, there is not the ready access to county courts that you have under the Bill to petty sessional courts. Another point of importance is that the magistrates already deal with the granting of pawnbrokers' licences, and, therefore, it is undesirable that the licensing should be divided, and that you should have one authority granting licences to moneylenders and another authority granting licences to pawnbrokers. Again, the petty sessional courts are in very close touch with the police, whereas the county courts are not. Being in close touch with the police, it is very much easier for the magistrates to obtain evidence of character than it would be for the county courts. Shortly, for these reasons, I hope the House will oppose this Amendment, as I think the present arrangement in the Bill is far better.

Mr. RHYS DAVIES: I sincerely trust that the hon. and learned Member will see his way to withdraw the Amendment, now that it has been discussed. The hon. and gallant Gentleman has given us an explanation of the Amendment, but I would try to induce the Home Secretary, who is with us for the first time on this Bill, to give us some information as to his attitude towards the Amendment. He is very eloquent outside the House, and I have read his speeches with great delight, especially his speech of last evening, but I do think we ought to have his musical voice exercised in this House. Though I am not going to press him to enlighten us further on this Amendment, because the hon. and gallant Gentleman

has done very well in explaining the position, I trust that the Home Secretary, who did not show his face in the Committee upstairs, except on one occasion when he came in order to make a quorum, and then departed as swiftly as he arrived, will later give us the benefit of his advice. He is the chief of the Home Office, the Department which will have to administer this Bill, and I think it would be courteous if, at a later stage, he were to assist us in dealing with the intricacies of this problem. Some part of the eloquence he displays outside this House ought to be enjoyed by Members in the House.

The SECRETARY of STATE for the HOME DEPARTMENT (Sir William Joynson-Hicks): May I thank the hon. Member for Westhoughton (Mr. Rhys Davies) for his kind references to myself? He must not think I have been neglecting my duty because I did not attend this particular Committee. I have had the privilege of the assistance of my hon. and gallant Friend the Member for South Paddington (Commodore King), who has conducted this Bill through the Committee with conspicuous ability, as I am sure all hon. Members will agree. I have had reports from time to time as to the progress of the Bill, and I have been quite satisfied with the work which my hon. and gallant Friend was doing. I had to attend other Committees, but I have taken a close interest in this Bill, and I have the privilege of being here to-day.

Mr. WOMERSLEY: I rise to say that I cannot support this Amendment. The position of pawnbrokers has been referred to as analogous to that of moneylenders in regard to these certificates. From a long experience in these matters I wish to say that the granting of certificates by petty sessional courts has proved very satisfactory indeed in the case of pawnbrokers. There is easy access to such courts, whereas in the provinces a county court judge may come to a town only once in three months. It is to the advantage of an applicant that he should get a quick hearing and a speedy decision. In my opinion the promoters of the Bill have dealt very fairly indeed with moneylenders in regard to the conditions under which these certificates will be granted. Before a certificate can be granted to

[Mr. Womersley.]

a pawnbroker an application has to be put in 24 days before the date of hearing. For 28 days the applicant's name and address and the nature of his application are posted on the church or chapel doors of the parish in which he resides, so that everybody may see the application, and any person has an opportunity of entering an objection to the granting of the license. Further, the applicant has to give satisfactory evidence as to character, and has to show that his place of business, and any adjacent place, is not frequented by thieves or persons of bad character. Conditions have been made much more easy for moneylenders, and in the interests of moneylenders themselves this Amendment ought not to be pressed. Speaking, as I said before, from actual experience, I am certain that one gets far more consideration from a bench of magistrates. They know the local circumstances, and so does the chief of police, who can give evidence. It will be more to the advantage of moneylenders to apply to the magistrates for certificates than to apply to county court judges.

Mr. THURTLÉ: I rise to support the opposition to this Amendment. I listened with some impatience to the speech of the hon. and learned Member for South Shields (Mr. Harney) in moving it. He implied that petty sessional courts were chock full of prejudices and free conceptions. I hold no brief for the magistrates who sit in the ordinary police courts, but I do not think they are quite such a bundle of prejudices as he tried to make out. In order to establish his point he suggested, by implication, that county court judges were above all human frailties, and without any prejudices or preconceptions whatsoever. I have had some little experience of county court judges. Some of them may be estimable persons, but I have seen judgments given by them which have been chock full of the most bitter prejudices. I am certain they are just as human as magistrates, and would be just as likely to allow their own prejudices and preconceptions to enter into questions of this sort.

I do not think there is the least reason why we should accept this Amendment, nor the other Amendments to which the

hon. and learned Member was referring at the same time. The Amendment dealing with the question of satisfactory evidence might lead to very unfortunate results. If we eliminate the words "satisfactory evidence," as the hon. and learned Member desires, and insert instead the words "three responsible householders," we shall be taking away the one safeguard there is as to character. As an hon. Member has pointed out, it is possible for any man, even the most disreputable man in the district—[Hon. MEMBERS: "Members of Parliament"]—yes, Members of Parliament, and others even more doubtful even than Members of Parliament, to find three responsible householders who will say his character is satisfactory. I do not know what the hon. and learned Gentleman meant by "responsible householders." He did not give us any definition of the word "responsible."

Mr. HARNEY: It is the usual phrase.

Mr. THURTLÉ: We are supposed to have a responsible Government at the present time, but I very much doubt whether any of us on this side of the House would accept that adjective as applied to the present Government. Anyhow, it seems to me there is no real point in this Amendment and no real grievance to be removed, because I notice that further on in the Clause provision is made for dealing with a case where a person feels aggrieved. If a petty sessional court refuses to grant a certificate the applicant may appeal to the court of quarter sessions in the manner provided by the Summary Jurisdiction Acts. That is provided for in sub-section (7) of this Clause. That provision safeguards the right of people who apply for these certificates, and, therefore, I think all of us ought to resist this Amendment.

Mr. HARNEY: I have no desire to persist in an Amendment which has not some chance of being carried. My object in putting down these amendments was not to be obstructive, but to try to improve the Bill. I was not very much impressed by the argument that magistrates are more ready of access, because I do not see why you require readiness of access. Off and on, they can be found certainly for one half of every month, and there is no great hurry about it. I was more impressed by the argument that

was used about pawnbrokers. It would, perhaps, be a little anomalous that a pawnbroker should go to the magistrates for a certificate of character, while the moneylender should go to the county court judge, but I would like to point out, as bearing upon the subsidiary part of these Amendments, that that distinction between pawnbrokers and moneylenders really arises from the very quotation that was made by the hon. Member for Grimsby (Mr. Womersley), to the effect that, before a pawnbroker can obtain a certificate, he has to post up his application on the church door, and some inquiry has to be made as to whether the place in respect of which he is applying is a resort of thieves, or whether he is familiar with thieves. The House will see at once that a pawnbroker, although a highly respectable man, has to carry on his business just at a spot for which receivers of stolen goods would make a bee-line. He cannot help that, but it is so. If there were no pawnbrokers' establishments, receivers of stolen goods, or thieves themselves, would not know where to go with their spoil. Therefore, it is very essential that a person carrying on business in such an establishment as that of a pawnbroker should be a person of the very highest character. A moneylender, however, has no establishment to which thieves or persons of that kind can resort. He does not carry on business at a place over which it is necessary that the police should have a surveillance; he merely carries on the business of moneylending, just as a banker does, although he charges a higher rate of interest.

Mr. WOMERSLEY: I would like to ask the hon. and learned Member whether he is aware of the fact that for sums over £10 a moneylender can take security just as the pawnbroker can—either stolen goods or goods belonging to the borrower.

Mr. HARNEY: What I was pointing out, not at all adversely to the pawnbroker, was that, on principle, there is a difference in the case of a person who carries on business in an establishment that is abused by thieves and receivers of stolen goods. It is no fault of the pawnbroker, but that is the nature of the establishment, and, therefore, it is essential that such an establishment should be carefully guarded by having in control of it a person who is undoubtedly

of the highest integrity, as I am glad to say most of them are. In the case of the moneylender, there is no such need for this safeguard. No one resorts to his establishment except persons wanting a loan of money. No thief would go there; no person of bad character would go there; they would have nothing to gain by going there. However, as regards the general Amendment, I see that there is no chance of its being carried, and, therefore, I am not going to waste time over it, but, as regards the subsidiary Amendments, I would ask the promoter of the Bill whether he could not see his way to leave out Sub-section (6, a) altogether, because, after all, Sub-section (6, b) gives what is wanted. Paragraph (a) says that the person applying for a certificate must give affirmative evidence of good character. Paragraph (b) says that he is not to get the certificate if anyone is able to give evidence that he is not a fit and proper person, and, surely, that is quite sufficient. After all, why should a man who applies for a licence, or a certificate on which to obtain a licence, to carry on what is avowedly a legitimate business, be forced to go to court and prove in advance that he is a person of good character? Is it not quite sufficient that he should get his certificate unless someone is able to come forward and say that he is not a man of good character? I think it would be quite sufficient if paragraph (a) were struck out, leaving paragraph (b).

Mr. SPEAKER: Does the hon. and learned Member press this Amendment?

Mr. HARNEY: I should like to hear from the promoter of the Bill whether there is any chance of striking out paragraph (a).

Mr. BURMAN: I am sorry not to be able to oblige the hon. and learned Member. We consider that both of these paragraphs are necessary. The one is the positive and the other is the negative.

Mr. HARNEY: In the circumstances, I beg leave to withdraw the Amendment.

Mr. SPEAKER: Is the pleasure of the House that the Amendment be withdrawn?

Mr. THURTLÉ: This Amendment, I understand, has been duly moved and seconded. May we not insist upon its going to a Division?

Mr. SPEAKER: Yes, if the hon. Member objects to its being withdrawn.

Mr. THURTL: Yes, Sir, I object to its being withdrawn.

Amendment negatived.

Lieut.-Colonel WATTS-MORGAN: I beg to move, in page 5, line 24, to leave out the words "may, if it thinks fit," and to insert instead thereof the word "shall."

I hope that, after all the eulogy we have had as to the efficiency and the good services rendered by benches of magistrates, this Amendment will be accepted.

Otherwise, the position would be that, where a money-lender's licence had been taken away and his business stopped, and where the conviction was quashed on appeal, the moneylender would have no recompense whatever in respect of any stoppage of his business in the meantime. To my mind, his business should not be stopped until it is definitely decided that his licence is to be taken away. Seldom have I seen the iron hand shielded so ingeniously as it is in this Clause. It is full of hatred, contempt, and everything else. I have already said, both in the Standing Committee and in the Select Committee, that there are bad money-lenders—I have had some experience of them; and there are also very bad borrowers. Why should the moneylenders be singled out—

Mr. MACQUISTEN: As if they were landlords!

Lieut.-Colonel WATTS-MORGAN: No; you take good care on that side of the House to protect the landlord. If you gave the moneylender half the justice and equity with regard to carrying on his legitimate business that you give the landlord, it would be all right, but my quarrel is that you single him out more than any other trader.

Mr. MACQUISTEN: The one lends houses and the other money.

Lieut.-Colonel WATTS-MORGAN: If the hon. and learned Member will put his objection in an intelligible form I will deal with it. I desire to compress what I have to say into as short a time as possible, but I want to ask the promoters of the Bill to look at the matter in this light, that, even in the case of the worst

forms of crime—even up to the degree of murder—the sentence is not put into operation if an appeal is lodged—

Mr. GROTRIAN: You could not hang a man who might be acquitted on appeal.

Lieut.-Colonel WATTS-MORGAN: I dare say not, but my argument is that I want to make it a direct—I do not know exactly what the word is; my difficulty is that I have to think in Welsh and speak in English, and the proper word does not readily come to my lips. [*Interruption.*] I dare say that would put me in a further fog still. The hon. Member for Argyll (Mr. Macquisten) has gone out, so he cannot help me out of the difficulty. The magistrates may regard it as a direction to them to consider and, if they think fit, not suspend the work of the moneylender if an appeal has been lodged. I hope this will meet with a better fate than my other Amendment. It is a very small one, but it will do something to show that there is no desire to single out these people for special treatment.

Mr. DENNISON: I beg to Second the Amendment.

I feel it is only justice to any person who may be deprived of some right, or perhaps feel that some injustice has been put upon him, that he should have an opportunity of appeal. That is only fair. Whether he is a moneylender, a borrower or an ordinary Member of Parliament or whatever he may be, he ought to have an opportunity of appeal, particularly from a lower Court. The case for the Amendment is considerably strengthened by the refusal of the House to agree that the County Court Judge should be the person who should deal with the licence. If the promoters are not prepared to accept the Amendment I hope they will give reasons for their refusal. Up to now we have had very few reasons why they could not accept this, that and the other. They have made general statements, about which they have submitted very little evidence indeed. I associate myself with the Amendment in order to give hon. Gentlemen an opportunity, if they cannot accept it, of showing their reason.

Mr. OLIVER: I had not the advantage of being on the Committee of this Bill, but unless there are some better reasons

than those brought forward by the last two speakers, I hope the Clause will be allowed to stay as it is. To accept the Amendment would be to destroy the discretion that is vested in the magistrates and compel them to do something they are not compelled to do in any other case so far as I know. In some cases the magistrate has certain powers, and exercise them. In others he has certain discretions, and exercises them. But, in this case, if the Amendment is accepted the discretion would be taken away from him. In a very bad case it would be very wrong not to suspend a moneylender's licence simply because he had a right of appeal, and unless there are some very good reasons to the contrary I hope the Amendment will be resisted.

Mr. THURTELL: I hope we are going to hear from the promoters what their view is on this point. They seem rather reluctant to let the House know where they stand on the matter. I support my hon. Friend in resisting it. It seems to me the court would not decide to suspend a certificate unless it had very good reason for doing so. We may assume that suspension means that in the view of the court the business has been conducted in an improper and illegal fashion. If that is so, there seems to be no good reason why it should be allowed to continue in that fashion for an indefinite period of time. I am not a lawyer, and I do not pretend to know very much about how much time is taken in getting through an appeal of this kind, but we hear a lot about the law's delays, and there is no telling how long a period will elapse between the order of the court and the hearing of the appeal, but it might be several months, and if the business is conducted in an improper and illegal fashion, that seems highly undesirable in the public interest. The Clause provides that the Court may exercise its discretion and may, if it thinks fit, allow the business to be carried on. That is quite an adequate safeguard, and it seems to me we certainly ought to resist the Amendment.

Mr. BURMAN: I hope the House will not agree to the Amendment. Under similar conditions, a pawnbroker who is refused a certificate has no right of appeal and the Court has no discretion

to allow him to continue his business. It is no hardship that this matter is left to the discretion of the Court. If you take it away they will be compelled to allow the moneylender to continue his business though there may be a serious conviction.

Mr. MARDY JONES: I am not quite satisfied with the explanation of the promoters. They seem to attach a great deal of importance to the discretionary power of the magistrates. Personally I would prefer to see the County Court Judge come into this matter. I am not satisfied that magistrates are strong in these cases. It seems to me that if a case has been sufficiently made out, the granting of a right of appeal should be compulsory instead of optional.

Mr. GROTRIAN: It seems to me that there is very great force in this Amendment. It is somewhat unfair to carry out a sentence upon a man before the litigation is finally concluded. It is somewhat unusual, because in this case you may destroy a man's business between the time of conviction and his licence being taken away, and the appeal. It is all very well, if he is successful in his appeal, to give him back his business, but you have damaged it very severely in the meantime, and the man is innocent if he succeeds in his appeal. Comparison has been made with the taking away of a man's motor licence. I do not see that the cases are parallel at all. Merely to take away a man's licence, does not hurt him very much, but here you are taking away his business, and, after that, you hand it back to him, because you have found him to be innocent. As to the length of time before an appeal can be taken, it is an appeal to Quarter Sessions and Quarter Sessions are held quarterly. Therefore, an appeal cannot be outstanding for more than three months, and, in all probability, in most cases, would be outstanding for a very much less period. I think there is great force in this Amendment, and I shall support it.

Mr. ERNEST BROWN: As one strongly in favour of this Bill, I think there is very great force in this Amendment, and I should like to hear a great deal more argument from the other side before I decide to vote against it. A good many Members of the House are rather surprised to hear some of the Members

[Mr. E. Brown.]

above the Gangway expressing such views about magistrates, in view of what has been said in recent weeks in this House about those same bodies in another connection. I have got myself thoroughly mixed up as to the views hon. Members above the Gangway take concerning magistrates, but it seems to me that, if a bench of magistrates gives a decision against a moneylender who then wants to appeal, it is certainly very hard that his business should be closed down before the final appeal is settled. There is very great force in this Amendment, and I should like to hear more about it. We regard this Bill as a Measure to deal with the devil, but there is a proverb that even the devil should have his due, and this Amendment does tend to give even the devil his due.

The LORD ADVOCATE (Mr. W. Watson): It is quite familiar in practice and under Statute in case of either offences or crimes that after a right of appeal is given a deferring of the sentence should operate in some way or other. I think it is equally familiar that in and because of lesser crimes or offences a discretion as to what is to happen pending an appeal is given to the inferior court that gives the sentence. In the case of the more serious crimes, the sentence comes into operation at once, but you are entitled to go to the Court of Appeal to get relief such as liberation from prison pending appeal. Undoubtedly, the present class of case falls under the minor class of cases, certainly so far as Scotland is concerned. [An Hon. Member: "What about England?"] I shall be very surprised if it is any different in England, and certainly the instance given of the motor car applies to both and is a parallel instance. No instance has been stated where the sentence automatically is deferred without any discretion in the Court of Appeal or inferior court. It is quite different in civil matters, but I am talking of cases of offences or crime. One of the reasons for that undoubtedly is that it is advisable to give a discretion in such matters to prevent frivolous appeals. There may be, of course, a very bad case where a licence is refused quite rightly and an appeal is obviously hopeless, but the man will appeal in spite of

that, and, having under this Amendment, if it be accepted, the right to carry on his business, he will carry on that appeal as long as he can.

The only point that remains to be dealt with is whether this discretion is, in practice or experience, likely to be fairly exercised. The words "if they think fit," I should think, make it obvious, even to the most obtuse magistrate that to shut down a man when he is going to appeal is bound, in most cases, to have a very serious effect upon his business. I think for the most part they undoubtedly would act in that way, and they would not prejudice a man if he had any reasonable grounds of appeal by causing the suspension of the licence at once. On the other hand, there may be cases where an evil is going on which it is the purpose of the proceedings to stop, an evil which is affecting the community generally or particular persons, and which ought to be stopped at once. Are you going to exclude the court from a right in cases of that kind from saying, "No, we shall not suspend the cancellation of this certificate pending appeal." Undoubtedly, that is the exceptional case. For these reasons, the Government are against the acceptance of this Amendment. They believe the provision in the Clause is right and fair, always bearing in mind—and it is not an unimportant point—that the pawnbroker gets no right of appeal at all. It is in favour of moneylenders, and it is quite proper that we should allow it to be administered under the ordinary safeguards and discretions.

Mr. MARDY JONES: It is very interesting to hear from the Front Bench for the first time an original statement—

Mr. SPEAKER: The hon. Member has already spoken on this Amendment.

Mr. JONES: Am I not in order in drawing the attention of the House to the absence of the Solicitor-General, who ought to be in his place to interpret these legal points?

Mr. SPEAKER: Mr. Harney!

Mr. HARNEY: I would like to make a few observations in reply to the very clear—

Mr. SPEAKER: I see from my Paper that the hon. and learned Member has also spoken.

Mr. HARNEY: Not on this Amendment.

Mr. SPEAKER: Was it on the last Amendment?

Mr. HARNEY: Yes. I would like to make a few observations in reply to the very clear statement made by the Lord Advocate. It certainly is so, that when a right of appeal is given the period between the first judgment and the final conclusion of the appeal has to be dealt with in some way as regards the operation of the suspension. In civil cases, what is done in this. A discretion is given to withhold the operation of an appeal. That is called a stay of execution. My experience is, that when a Judge gives a judgment he is very loth to exercise that discretion in favour of the person. In most cases persons have to go to the Court of Appeal, and the Court of Appeal generally allows the *status quo* to be preserved on money being paid into court. There is a distinction drawn in the quasi-criminal cases between the severe ones and the lighter ones. I do not think there is any principle governing the distinction between major and minor offences. I think it is entirely a matter of degree. The rule undoubtedly is this, that where, in a criminal judgment, there is anything that really very largely affects a man's liberty or right of action, he is permitted to carry on as if the judgment were in his favour until the final result, namely, the Court of Appeal. In fines such as fines in connection with motor cars, undoubtedly the discretion is left to the magistrate. In this case, what we have to consider is, having regard to the effect of the magistrate's judgment, ought we the House of Commons, say, "This is one of those cases where the operation ought to be suspended until the final and conclusive decision has been given"? In my opinion, it is just one of those cases, because what is done is most serious to the man. The man's livelihood in that class of business depends upon his possession of the certificate.

The withdrawal of the certificate by the judge or the magistrate means that his business is stopped. Every week or month that passes, his goodwill is passing away, and ultimately there may come

a judgment restoring something which has died in the interval. That ought to be guarded against. Of course, there are possible abuses, and we have to weigh one thing against the other. One possible abuse may be that there may be a case where the certificate was perfectly properly taken away and an appeal was hopeless, but where the person concerned says: "I will appeal, and I shall get a couple of months grace until the appeal has been heard." Compared with the number of cases there may be of that kind, there will be an infinitely greater number where the hardship would fall on the man who may ultimately succeed in his appeal. On the balance, I submit that it is fair to bring this class of case into conformity with what the Lord Advocate rightly tells us is the rule in regard to sentences or decrees of a really serious character.

Mr. RHYS DAVIES: I was in favour of this Amendment until I heard two arguments against it. The hon. and learned Member for South Shields (Mr. Harney) would have led the Committee to believe that in motor car cases there is no penalty at all on the person whose licence is cancelled, that all that happens is that the licence is taken away, but the man's livelihood is not taken away. I always understood that there are men who earn their livelihood by driving motor cars, and if you take away the licence you take away the man's livelihood. Consequently, that argument falls to the ground. The motor car licence comes into the same category as the licence about which we are talking. A further argument which makes me think I ought not to support this Amendment, is that the hon. and gallant Member who moved the Amendment said that all he was doing was to substitute the word "may" for the word "shall." That is not what he is doing. He is proposing to remove the words

"may, if it thinks fit."

If the result of his Amendment would be to provide that

"The Court shall, if it thinks fit."

I might support him, but that is not his Amendment. If we carry the Amendment, the position would be that the court would be bound, however bad a case may be, however definite the conviction may be, to allow the business to

[Mr. Rhys Davies.]

be carried on, in spite of the fact that the case is as clear as daylight that a conviction has ensued. I should have thought that if a conviction had ensued in a case of this kind, the man could not carry on his business, because it would have gone. When this Bill becomes an Act of Parliament and a conviction has ensued under it, the man's business will have finished, in spite of any appeal. I do not know as much about this kind of business as other hon. Members.

Lieut.-Colonel WATTS-MORGAN: You know a bit about the Home Office.

Mr. DAVIES: I know very little about the intricacy of either borrowing or lending, but I should have thought that in a business of this kind, when a money-lender was convicted in a court of law, and a report of the proceedings appeared in the press, that his business would have been damaged for a long time to come, in spite of the fact that he had an appeal pending. For the reasons which I have given, I shall vote against the Amendment.

Mr. MACQUISTEN: The last speaker expressed what may be said against this Amendment. Frivolous appeals, or appeals merely for delay should be discouraged. With respect to the question of appeals, I remember on one occasion being briefed by a man who was prosecuted and convicted with respect to milk adulteration. He instructed me to intimate an appeal in court. I asked him: "Why are you making an appeal? You have not a dog's chance if you do appeal." After leaving the court I stated the grounds against his succeeding in the appeal, and he replied, "Never mind, it will get into the newspapers, and when people see that I am appealing, and the appeal does not come on for perhaps six months, we will drop it, and the offence will be forgotten." I felt that my leg had been pulled in the matter, and I would not have intimated the appeal had I known why it was being done. An Amendment of the Clause in these words might meet the case with which the Committee seeks to deal:

"The Court shall, pending an appeal, unless cause be shown to the contrary, defer operation of the order."

That would show that the Court must have some reason for taking away the certificate. There must be some good cause shown.

I do not wish to show special favour to moneylenders. I know that they have no friends. No man who lends money has friends. It is said that the man who lends money loses his friends. It is the same with a landowner who lends a house to a man for a rent, which is another form of money lending. Both these classes of "lenders" are unpopular members of the community. The moneylender ought to get justice, however unpopular he may be, and it seems to me that this provision would operate harshly unless the Court has the power pending an appeal to defer operations unless it has reasons for not doing so. It would be open for the prosecution to say to the Court: "This is a very bad case, and for that reason the licence should be suspended." Some such provision as I suggest would probably meet the case better than the words in the Bill.

Mr. WOMERSLEY: I was interested in the remarks of the hon. Member for Westhoughton (Mr. Rhys Davies) when he said that he had been neither a borrower nor a lender. I am not ashamed to say that I have been both. It is a remarkable thing that a Member of this House can say truthfully that he has never been a lender of money. My experience is that when people come to you to ask for charity they also ask you to lend them half a crown. The hon. Member argued that if the certificate happens to have been suspended, the man cannot carry on business, and that the business must necessarily cease. There is a considerable difference between the business of a moneylender and other businesses which may be closed down by order of the Court. In the case of the moneylender, the business does not consist merely in lending money. The money has to be received back. What is to happen in regard to a man whose certificate has been suspended, if he cannot continue to carry on business of any kind and receive back the money which is justly due to him from the people to whom he has lent it? His office ought to be open to receive back the money. If the magistrate had the discretion to be able to say that pend-

ing the appeal no further business of lending money should take place, I would agree; but if we say that he shall not carry on any business at all—it will be found that it would be interpreted in that way—the man will be in the position that he cannot receive back the money that is owing to him. That would be very unfair.

We have had learned opinions given this morning. The Lord Advocate has given his opinion, and the hon. and learned Member for South-West Hull (Mr. Grottrian), who is the Recorder of Scarborough, and has had considerable experience as regards appeals at Quarter Sessions, has given his opinion. Then we had an expression of opinion from the hon. and learned Member for South

Shields (Mr. Harney), and as a layman I am going to submit that the weight of argument from the legal side is in favour of the Amendment. If you take into consideration the practical difficulties which will arise if you close down a man's business altogether I think the promoters of the Bill should accept it. It is not a vital point to them, but it is to the man who may have his certificate suspended, and during the time he is making an appeal his business is entirely closed.

Question put, "That the words proposed to be left out stand part of the Clause."

The House divided: Ayes, 134; Noes, 29.

Division No. 235.]

AYES.

[12.38 p.m.]

Acland-Troyte, Lieut.-Colonel
Alexander, A. V. (Sheffield, Hillsbro')
Alexander, E. E. (Leyton)
Ammon, Charles George
Barker, G. (Monmouth, Abertillery)
Bird, Sir R. B. (Wolverhampton, W.)
Bowyer, Capt. G. E. W.
Brassey, Sir Leonard
Brooke, Brigadier-General C. R. I.
Froun-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchanan, G.
Campbell, E. T.
Cautley, Sir Henry S.
Cayzer, Sir C. (Chester, City)
Charteris, Brigadier-General J.
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Colman, N. C. D.
Cooper, A. Duff
Couper, J. B.
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Davies, Rhys John (Westhoughton)
Davies, Dr. Vernon
Day, Colonel Harry
Eden, Captain Anthony
Edmondson, Major A. J.
Edwards, C. (Monmouth, Bedwellty)
Ellis, R. G.
Elveden, Viscount
Erskine, Lord (Somerset, Weston-s.-M.)
Everard, W. Lindsay
Falle, Sir Bertram G.
Fermoy, Lord
Fraser, Captain Ian
Fremantle, Lieut.-Colonel Francis E.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gibbs, Col. Rt. Hon. George Abraham
Glyn, Major R. G. C.
Goff, Sir Park
Grattan-Doyle, Sir N.
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Gretton, Colonel Rt. Hon. John

Gunston, Captain D. W.
Hacking, Captain Douglas H.
Hall, G. H. (Merthyr Tydvil)
Hall, Capt. W. D'A. (Brecon & Rad.)
Hannon, Patrick Joseph Henry
Harvey, Major S. E. (Devon, Totnes)
Headlam, Lieut.-Colonel C. M.
Henderson, T. (Glasgow)
Heneage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Holt, Captain H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hudson, J. H. (Huddersfield)
Hudson, R. S. (Cumb'l'nd, Whiteh'n)
Hume, Sir G. H.
Hutchinson, G.A. Clark (Mid'l'n & P'b'l's)
Jacob, A. E.
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Jones, Morgan (Caerphilly)
Joynson-Hicks, Rt. Hon. Sir William
Kennedy, T.
King, Commodore Henry Douglas
Knox, Sir Alfred
Lawrence, Susan
Loder, J. de V.
Luce, Major-Gen. Sir Richard Harman
Lumley, L. R.
MacIntyre, Ian
McLean, Major A.
Marriott, Sir J. A. R.
Merriman, F. B.
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Nelson, Sir Frank
Newton, Sir D. G. C. (Cambridge)
Nicholson, Col. Rt. Hon. W. G. (P'trs'ld.)
O'Neill, Major Rt. Hon. Hugh
Oliver, George Harold
Paling, W.
Parkinson, John Allen (Wigan)
Penny, Frederick George
Perring, Sir William George
Pethick-Lawrence, F. W.
Peto, G. (Somerset, Frome)
Pownall, Sir Assheton

Raine, Sir Walter
Ramsden, E.
Rice, Sir Frederick
Richardson, Sir P. W. (Sur'y, Ch'ts'y)
Rose, Frank H.
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sandon, Lord
Savery, S. S.
Scurr, John
Shepperson, E. W.
Shiels, Dr. Drummond
Simms, Dr. John M. (Co. Down)
Sitch, Charles H.
Skelfton, A. N.
Smith, Ben (Bermondsey, Rotherhithe)
Smith-Carington, Neville W.
Somerville, A. A. (Windsor)
Spender-Clay, Colonel H.
Spoor, Rt. Hon. Benjamin Charles
Sprot, Sir Alexander
Stanley, Lord (Fylde)
Steel, Major Samuel Strang
Stephen, Campbell
Streatfield, Captain S. R.
Stuart, Crichton, Lord C.
Thompson, Luke (Sunderland)
Thomson, F. C. (Aberdeen, South)
Thurtle, Ernest
Tinker, John Joseph
Vaughan-Morgan, Col. K. P.
Warner, Brigadier-General W. W.
Watson, Rt. Hon. W. (Carlisle)
Welloock, Wilfred
Westwood, J.
Wheler, Major Sir Granville C. H.
White, Lieut.-Col. Sir G. Dairymple
Williams, Herbert G. (Reading)
Windsor, Walter
Windsor-Clive, Lieut.-Colonel George
Wise, Sir Fredric
Yerburgh, Major Robert D. T.

TELLERS FOR THE AYES.—

Mr. Burman and Mr. Wells.

NOES.

Batey, Joseph
Bromley, J.
Brown, Ernest (Leith)
Compton, Joseph

Crooke, J. Smedley (Deritend)
Dennison, R.
Dunnico, H.
Grottrian, H. Brent

Groves, T.
Grundy, T. W.
Hall, F. (York, W.R., Normanton)
Harney, E. A.

Hartshorn, Rt. Hon. Vernon
 Hayes, John Henry
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Macquisten, F. A.

Morrison, R. C. (Tottenham, N.)
 Naylor, T. E.
 Robinson, W. C. (Yorks, W.R., Elland)
 Snell, Harry
 Stamford, T. W.
 Thorne, W. (West Ham, Plaistow)
 Townend, A. E.

Varley, Frank B.
 Viant, S. P.
 Wright, W.

TELLERS FOR THE NOES.—
 Lieut.-Col. Watts-Morgan and Mr.
 Womersley.

CLAUSE 3.—(*Names to be stated on documents.*)

Lieut.-Colonel WATTS-MORGAN: I beg to move, in page 6, line 1, to leave out Sub-section (1).

I realise that I am travelling against adversity, and I shall put my case very shortly as I have already ventilated the point in Committee. This is another instance of prejudice being introduced with a good deal of effect. My Amendment is one of principle—

Mr. GROVES: Not interest?

Lieut.-Colonel WATTS-MORGAN: I am not talking of capital, but of the principle with regard to the actions that may arise from anything done in this House. Why should moneylenders be treated differently from any other trade? It is well known that companies registered before 1916 are not compelled to publish these particulars. No other company incorporated before then has to show the particulars mentioned in the Sub-section which I seek to delete, and I do not see why different treatment should be meted out, unless it is to create prejudice against the moneylending company. It will not cost the promoters anything to agree to this Amendment, and thus to rid this Bill of some of the cargo with which they have overloaded it. They have introduced matters which have not been before the Select Committee and which have not been discussed very fully upstairs. I could give some very nasty instances on that point. One of my objections to the triple set of these Bills is that so much of them is due to the ignorant spite caused by Noble Lords in another place stepping down from their high judicial position because of personal prejudice in order to frame a Measure. I want to rid this Measure of spite and personal prejudice. The Government ought to have taken the matter in hand themselves and conducted an inquiry and given us a fair Bill. The bulk of moneylenders are respectable and are trying to carry on an honest trade. If the Measure was tempered

with more of the milk of human kindness, and if more justice and equity were put into it, it would get on very much better.

Mr. HARNEY: I beg to second the Amendment. I agree with the general remarks made by the hon. Member. I have never been able to see why a business that must be regarded as legal should be treated with that kind of vindictiveness which certainly characterised this Bill in its early stages. As to the Amendment, hon. Members will remember that by an Act passed in 1917 certain companies were called upon to publish certain particulars. That Act said that companies should not be asked to give those particulars if they were already in existence, and that it should only apply to companies formed afterwards. This Bill says that the provisions of that Act shall apply with the necessary modifications to every moneylending company, even though they were formed before 1916. Why make an absurd exception? In the case of ordinary companies you say that they shall only be required to give these particulars if they were formed after the Act comes into operation. That is perfectly right and proper, but it is not fair that ten years later you should come along and say that it shall apply retrospectively to moneylending companies.

Mr. BURMAN: This particular Amendment of the Companies Acts dealing with company directors was passed during the War, and it required all companies registered after its passing to publish certain particulars, including the names of the directors of the company. It was a very simple Measure passed in order that persons who dealt with the companies might know whether they were dealing with British subjects or with foreigners. Every company established after the date of the passing of the Act had to give those particulars, but a company registered before 1917 was not required to give them as it was assumed to be conducted by British subjects. It is proposed now that that exemption with regard to companies registered before 1917 should not apply to moneylending firms. Shortly, it amounts to this, that in future every firm

of moneylenders registered under the Companies Acts, either privately or publicly, will have to publish the names of their directors, and people will then be able to know with whom they are dealing.

Mr. HARNEY: I have no objection to their being compelled to give particulars. My objection was because you are making a fish of one and fowl of another. Parliament has said that it will not be retrospective for companies generally, but this Bill makes it retrospective for one class of company.

Mr. BURMAN: I ask the House to support me in opposing this Amendment in order that these companies may be called upon to give the names of their directors. Surely there is no hardship in that.

Mr. THURTELL: I hope this Amendment will not be accepted. I have noticed we have had a lawyer speaking in support of it, and it was said during the last discussion that the weight of legal argument was on the side of the moneylenders. As I listened to the discussion this morning, it occurred to me that, if the weight of legal argument is on the side of the moneylenders, it might not be unconnected with the fact that the weight of money is also on their side. It has been said, "Where your treasure is, there will your heart be also." The fact that there is a great financial interest behind this moneylending business may not be unconnected with the ardent support given by lawyers in this House to the moneylending interests. We ought to do everything possible to make it difficult for disreputable moneylending firms to carry on business. Those who are carrying on an honest straightforward business will not be afraid to proclaim to the world what their real names are, and I think there is no justification at all for this Amendment.

Mr. NAYLOR: I supported my hon. and gallant Friend in his last Amendment, but I am afraid that I cannot support him in this one. I was to some extent disappointed in the arguments adduced in favour of the Amendment. The hon. and learned Gentleman on the Liberal benches asked that we should not make fish of one kind of company and fowl of another. Now I do not want to suggest

any other kind of company is of a fishy nature or that the moneylending business is necessary fowl, but one must realise that the moneylending business is not exactly the same kind of commercial business as is carried on by an ordinary company engaged in commerce, and, that being the case, the House ought not to support the Amendment.

Mr. OLIVER: I should like to support my hon. and gallant Friend, because it is extremely unfair to make fish of one and flesh of another, but, if that rule were applied, we should find that the Amendment would make fish of one and flesh of another as far as new companies and old companies are concerned. It would draw a distinction in the matter of names between the new company and the old company which would be very prejudicial to the new company. It will be unfair to make the new companies do something which the old companies were not required to do.

Amendment negatived.

CLAUSE 4.—(*Prohibition of money-lending circulars, etc.*)

Major GLYN: I beg to move, in page 7, line 20, after the word "circulation," to insert the words "or by means of any poster or placard."

I am the first Member on this side of the House to move an Amendment on this Bill, but I do attach great importance to this Amendment because, when I introduced a Bill on this subject last year, I had the advantage of having it considered by a Joint Committee, and we unanimously came to the conclusion to remove the possibility of the individual appeal by the moneylender or those connected with a money-lending company to private persons. Money-lending is a legal profession undoubtedly, and you must allow moneylenders some means of advertising their vocation. It was agreed at that time that they ought to be allowed to insert advertisements in the newspapers, because that would not be a personal appeal to any young man or woman who might be taken in by a circular. But then it was said that by doing so we should make it possible for moneylenders to buy a large number of newspapers, to mark their advertisements, and to send them broadcast to individuals, just as they do with circulars.

[Major Glyn.]

To mark a newspaper and send it broadcast would be acting against the law. I would draw attention to the Amendment in the name of the Financial Secretary to the War Office which is next on the Paper, to leave out certain words in the same Clause. I think the moneylender ought to be allowed to have a placard outside his establishment to proclaim his vocation, since the profession of money-lending is legal, but I have the strongest possible objection to having placards advertising moneylenders all over the streets and inviting people to borrow money. That may be the result of this Bill becoming law as it stands. There are, of course, a very large number of moneylenders who carry on their business in a highly proper manner and like other people they are suffering for the sins of those who do not carry on their business honestly. Those are the people who would advertise in this way and destroy the purpose of the Bill. I hope that this Amendment will receive the general assent of the House, because I think it is highly important that we should make it perfectly clear that the promoters of the Bill desire to remove that direct appeal to individuals by circulars or other means. At Charing Cross Railway Station the other day I met a sandwich man carrying a placard on the top of which were these words

"Why not come to my firm and have all your financial worries cured?"

From the evidence we have had before us I do not think anyone wants his financial worries cured in such a manner. If you allow the Bill to stand as it is now we are not going to do very much good. We do not want to boost up any other trade or profession by this Bill, but we are out to try to do our best, while giving perfectly fair treatment to moneylenders, to remove temptation from those who are likely to be taken in by the appeals of dishonest moneylenders because a fool and his money are soon parted. We have to get rid of touting on behalf of these dishonest moneylenders who are causing a great deal of suffering and misery.

Mr. MACQUISTEN: I beg to second the Amendment.

A previous speaker commented on the number of lawyers who spoke on behalf of the money-lending fraternity. I have

no personal acquaintance with them but I know about them professionally. My professional knowledge is con-

1.0 p.m. fined to the receipt of a large number of their circulars since I became a Member of Parliament. They seem to think that as soon as a man is elected to this House he will be likely to be in need of money. I do not approve either of their touting or of their advertising, and I think we should restrict this aspect of their business as much as possible. I confess I am greatly disappointed with the Bill as it stands. It misses out one of the most essential provisions, if foolish borrowers are to be protected. There ought to have been a provision, such as I adumbrated when a Moneylenders Bill was introduced by another hon. Member last year—I mean a provision against moneylenders taking written statements or declarations from intending borrowers.

Lieut.-Colonel WATTS-MORGAN: Will the hon. and learned Member explain what part of the Amendment he is dealing with now?

Mr. DEPUTY-SPEAKER (Captain FitzRoy): The hon. and learned Member's arguments are considerably wide of the Amendment but on this Amendment the House can discuss the whole of Clause 4.

Mr. MACQUISTEN: It is the practice of certain of the evil type of moneylenders to send their clients to another moneylender, who, very often, is the representative of the first moneylender. They tell him that they have no more money to lend, but believe that their friend has. But they enjoin him not in any circumstances to tell the new lender that he either knows the first lender, or that he owes him any money. When he goes to the second moneylender, the second moneylender will say that he does not suppose that the wretched borrower, whom we will call Mr. Snooks, owes anything to any other moneylender. When he recalls what he has been told by the first one, he confirms this statement, and he is then asked to sign a statement to that effect, as it will be needed to raise the money for him. The wretched borrower signs, and then he is in the toils, and, when the crash comes, he is threatened with criminal proceedings for obtaining money by false pretences. He then goes to his widowed mother or his clergy-

man father, and weeps that he is in danger of being sent to gaol, whereupon they, terrified by the prospect of such an exposure, pawn all that they have in order to pay the debt. They are too ashamed to consult even the family solicitor, or tell anyone about it. The borrower knows, and his next-of-kin know, that he has signed a lie. The moneylenders knew that it was a lie, and deliberately set the booby-trap for him, intending to use it as I have described.

Mr. BUCHANAN: If that is so, is it not a form of blackmail, and therefore the moneylender who does it can be prosecuted if he dares to use such a declaration?

Mr. MACQUISTEN: I am inclined to agree with the hon. Member, but the point is that it never gets to the length of a criminal prosecution. The wretched borrower knows that he has told a lie and he is in terror. I have had a moneylender come to me and say, "Your client signed this." I replied, "On whom are you trying that?" And I told him that I would have him in the Fiscal's hands if he was not careful. I put the blackmail on the other foot. Some of the lower grade moneylenders have a clearing house for dealing with these matters. One of them will say to a would-be borrower, "I am tired of lending you money. Go to Mr. So-and-so. He has a lot of money to lend; but do not tell him you owe money to me."

Mr. DENNISON: Is the hon. and learned Gentleman dealing with the whole of the Bill or with this particular Amendment?

Mr. MACQUISTEN: I am dealing with this Clause. The hon. Gentleman should not be quite so sensitive about it. I wish to ask my hon. Friends who are promoting this Bill whether they could not get such an Amendment as I have indicated, to deal with declarations, used in another place? It is the root of the whole difficulty. It is a form of blackmail that is used for collecting money from a man's next-of-kin. There is a difference between the banker and the moneylender. The banker lends you money when you have some, but the moneylender lends it when you have none. It is to prevent the next-of-kin of

the unfortunate borrower being punished by the use of this kind of declaration that I wish to see the matter dealt with, if possible, in another place. With the Amendment as far as it goes, I have every sympathy.

Mr. BURMAN: In the Bill as originally introduced by me circulars, posters and placards were all prohibited, but advertisements were allowed in newspapers under certain restrictions. The matter was thoroughly discussed in Committee, and under pressure I agreed to remove placards and posters from the prohibition. Of course, advertisements in newspapers and posters and placards do not constitute a personal affront in the same way as the circular which reaches you by post in the morning. You are not bound to read advertisements in newspapers or posters on the walls or placards on the hoardings. Therefore I do not regard this as a vital element in the Bill. At the same time there are others who think that posters and placards should be prohibited, and if the House desires the Clause to be restored as it was when the Bill came before the House for Second Reading, I have no objection.

Mr. HARNEY: I understand that we can deal generally with the whole Clause on this Amendment. There are two Amendments on the Paper in my name. One is to insert, after the word "placard," the words "or by means of a circular or business card." I do not agree entirely with the strong views expressed by another hon. Member about these circulars generally. I confess that I have not been able to see much distinction between the scented envelopes of the moneylenders and the very elaborate things sent out by tea dealers and sugar dealers and cigar merchants and wine merchants. I throw them all into the wastepaper basket, and I am annoyed by the one no more than by the other. If I were on the lookout for wine, I should take the wine circular, but I am well supplied already. I do not think there is any just ground of complaint against these circulars being sent out by tradesmen. If they do not interest you, you throw them on one side. But we have had to bow to the storm of prejudice against such circulars. It is provided in the Bill that the only way money-lenders can make themselves

[Mr. Harney.]

known to the public is by some document or other that will give their name, their address, their telegraphic address and their telephone number, and stating the fact that they lend money. That is all that they are allowed to do.

The purpose of all these Amendments is to ascertain in what way they ought to do that very limited thing. No one wants them to do more. There have been three suggested methods. One is that they ought to be allowed to do it by a business card. The other is that they ought to be allowed to do it by placard or poster. The third is that they ought to be allowed to do it through the medium of the public press. Before the Select Committee, Lord Darling, the President, referring to Lord Phillimore, said:

"I think the Noble and learned Lord will find there is no difficulty for a moneylender to start his business. He may send out business cards. There is a provision as to that and as to putting advertisements in the newspapers."

The Bill as drafted excludes the business card, and allows the advertisement, and, as to the poster and placard, I think there was some misunderstanding. I have here what the hon. Member for Duddeston (Mr. Burman) said in Committee:

"The Bill as it stands permits a poster or placard outside the registered premises but prohibits them generally on hoardings. The chief reason why circulars have been prohibited is because they are a great annoyance and vexation to the public, but I do not think that reason applies to the same extent with regard to the poster or placard which is a legitimate method of advertising the business, and the promoters will raise no objection to the acceptance of the Amendment."—[OFFICIAL REPORT. *Standing Committee A.*, 5th April, 1927; col. 77.]

That was an Amendment dealing with the use of placards generally. The Bill does not carry out that proposition, because a poster or placard can only be exhibited at the authorised address, so that as the Bill stands, the only way in which a man who is carrying on this legitimate business—who must be of good character, and who is restricted in a score of other ways—can make himself known to the public, is by a placard outside his premises or by putting an advertisement in the newspaper. These are two very inadequate methods. Once you recognise that his business is legitimate and is properly safeguarded, every channel in

ordinary commercial and business usage should be open to him for making himself known. You shut him out from anything in the nature of an invitation, anything like a tout, anything like a puff. Everybody else—the wine merchant, and the tobacco merchant—may tout and puff and humbug us, sending out rosy descriptions of their wares, but the moneylender can do nothing but state "This is my address, this is my telephone number, and the business I do is that of lending money." When you limit him in that way, you ought to open every window to him for making those facts known.

I draw the attention of the House to two or three reasons why the particular method selected, namely that of advertising in a newspaper, is a bad one, and one likely to defeat the very purpose which the promoters have in view. At present, a great deal of money is spent by moneylenders in sending out circulars. They are now told they cannot expend that money on circulars, but they can expend it in the Press. There is nothing in the Bill to prevent a person inserting the few particulars which are allowed as a full-page advertisement on the front of the "Daily Mail." Fancy the front page of the "Daily Mail" with such an announcement as this: "John Jones—or Snooks, or whatever it may be. My telephone number is —, my telegraphic address is —. I lend money to all comers." Do you think that in such a case a newspaper proprietor could not in the first place put up the prices and in the second place say to the moneylender, "My friend, if you send a good fat half-page or full-page advertisement, I will give you a puff in my leaderettes"? The result will be that instead of the circular which falls quietly into the postal receptacle, which is opened quietly at the breakfast table, and thrown quietly into the waste-paper basket, you will have flashing advertisements in the public Press, and insidious puffs which cannot be given in the circulars but which can be given through a third party in the Press. The wise course is to adopt Lord Darling's advice, and allow these gentlemen to send out their business cards. Prevent them if you like from doing what other business men can do, namely, using puffs, but since you limit them to a mere announcement of their existence, let them make that existence known in the ordi-

nary business way by card, instead of forcing them into the public Press. To force them into the Press will defeat the object which the promoters have in view and will be unfair to the small printers in the country who will be cut out of the profit which is to be made by printing these circulars, while the rich monopoly newspapers will benefit.

Mr. RHYS DAVIES: We have reached what is probably one of the most important Clauses of the Bill. I think I am right in saying that had it not been for the moneylenders' circulars, which were sent out so openly to everybody, this Bill might never have been brought forward. I do not know why the hon. and learned Member for South Shields (Mr. Harney) should complain about the proposal of the Amendment to impose these restrictions. Having listened to the Debates on this subject for some weeks, I confess that if I had my way, I would place the moneylender, for purposes of advertisement, in the same category as the lawyer. I would not allow any advertisement of any kind which invited anybody to borrow money.

Lieut.-Colonel WATTS-MORGAN: On a point of Order. Is this something new which is being sprung upon us? There is surely nothing in law to prevent a doctor or a legal man advertising in his own way. This is trying to put the camel through the eye of the needle—bringing forward these spurious arguments.

Mr. DAVIES: It would have to be a big needle. I do not know whether there are any restrictions in law on the legal profession in this respect, or whether it is by custom, or by regulation, but they do not advertise.

Mr. HARNEY: It is due to our modesty.

Mr. DAVIES: At any rate, in the legal profession and the medical profession there is no advertisement. If you want a good lawyer, or a bad lawyer, you have to search for him. The same rule, I am informed, applies to the Stock Exchange. I do not see, therefore, why the hon. and learned Member should complain about the advertisements of moneylenders being restricted. There is an Amendment to be moved later, on behalf of the Home Office, which will

prohibit any placards at the place of business of the moneylender. That is a further restriction, and I welcome it. Cases appear in the Press every day, showing the terribly tragic consequences which arise from this business of moneylending. Later on, I shall have something to say on the general principle of moneylending. The hon. and learned Member for South Shields during the Committee stage, and also to-day, has several times expressed the view that moneylending is like any other business. I decline to accept that view. Moneylending is a business apart. If I have £100 to lend and a man comes to me and borrows that £100, that man is in bondage to me until he has repaid that sum. Consequently, I say that lending money is an entirely different business from an ordinary transaction, and—

Mr. WOMERSLEY: What about if he gets credit for goods; is he not in bondage then?

Lieut.-Colonel WATTS-MORGAN: That is Home Office honesty.

Mr. DAVIES: I am sure my hon. and gallant Friend the Member for East Rhondda (Lieut.-Colonel Watts-Morgan) does not want me to enter into combat with him. I should prefer an argument with hon. Members opposite, but these two Amendments on Clause 4, in my view, are very necessary, and any Amendment whatsoever that would restrict this business within very definite limits would be welcome, so far as I am concerned.

Mr. GROVES: I also am in favour of both these Amendments. I have been opposed to the moneylending business all my life, because I believe its ramifications are inimical to the general population. I would like to submit to the hon. and learned Member for South Shields (Mr. Harney) that in his speech just now he said that the quiet dropping of these circulars into a postal receptacle was no greater danger than the sending of wine circulars and so on, but according to the Bill the moneylenders will not be allowed to send out these circulars.

Mr. HARNEY: I pointed that out.

Mr. GROVES: I welcome that part of the Bill too, that in future they will not be allowed to send us, as they do now almost weekly, in what the hon. and

[Mr. Groves.]
learned Member rightly described as scented envelopes, circulars very ingeniously worded. I am not speaking for myself, because I have never been in the clutches of the moneylenders, having always learned to say, "No, thank you" to that kind of inducement.

Mr. HARNEY: You can only send the name and address now, and I was dealing with the point as to whether it was better that that, and that only, should be done through the post or through a newspaper.

Mr. GROVES: I think the ingenious circulars sent out to all and sundry—

Mr. HARNEY: They cannot be ingenious, because only the name and address are allowed.

Mr. GROVES: I welcome provisions tightening up the possibilities of these people, because of my experience of the horror, the harshness, and the insidiousness of the circulars sent out by them. It is easy to see that these circulars are intended not only for the unwary but for people who are really in the moment of need, and I submit that anything that we can do to prevent their distribution we should do. While it is not a legal restriction that prevents lawyers or doctors from advertising, but is a part of the custom of those professions, they have discovered it to be profitable to maintain a select security, and anything that we can do to put moneylenders in a similar position will be a step in the right direction. I submit that there is no need for people who have money to lend or to give to have either puffs from newspapers or these nicely worded circulars sent out. I am very astounded that there should be people in this country running about with the desire to lend money, and it suggests itself to me that, of course, the motive is that of extorting a very high rate of interest for the money lent. I am sorry that in this Bill we could not have dealt with the widespread credit system in this country under which people are invited to get goods, not coin.

If moneylenders want to be treated, as the hon. and learned Member for South Shields suggested, as on an equal footing with other industries, they might themselves open places in London and

exhibit their goods, just as the people who sell wines in Holborn illustrate their brands in shop windows. I am sure they would not want any circulars if they exhibited ordinary sovereigns for loan. Let them openly take offices in London and not send circulars to poor people in the country or send poor people along the Strand, carrying placards. The hon. and learned Member for South Shields would, I suppose, say that people who are strong enough would pass them by and not be affected, but he knows as well as I do that in this land to-day there are many clever and insidious ways in which people of cupidity are capable of impressing, not their wares, but their ideas on the common people, and I believe that the use of these artifices has for many years affected, not only the poor artisan people, but many of the middle-class people also, until they have got into the hands of moneylenders and found themselves, in the end, bankrupt. I am sure that any Amendment restricting the possibilities of these people advertising their trade is a step in the right direction, and I hope that both the Amendments to this Clause will be accepted.

Lieut.-Colonel WATTS-MORGAN: I hope I did not hear aright the hon. Member for Duddleston (Mr. Burman) say that he was prepared to accept the Amendment, having regard to what transpired in Committee upstairs. There is so little interest exhibited in this Bill on the benches on both sides of the House that we are now left simply, with one or two exceptions to those who have devoted a good deal of time, both in the Select Committee and in the Committee upstairs, to this Measure. I want to enter my protest, after the discussion which we had upstairs, at the readiness which is displayed to accept this Amendment. I am confining myself at the moment to the phrase which we succeeded in having included in the Bill in Committee allowing the moneylenders at least this amount of grace and fair play, that they may exhibit on their own premises the same kind of placard that they would be allowed to put into a newspaper under this Clause. I now understand that the hon. Member for Duddleston is going to give way, remove that concession which he made in Committee, and accept the Amendment of the

hon. and gallant Member for Abingdon (Major Glynn) and also that of the hon. and gallant Member representing the Government.

Mr. BURMAN: The original Bill prohibited placards on hoardings, but permitted them on the business premises of moneylenders. Under pressure in Committee, I gave way and permitted posters and placards on hoardings, but now that an Amendment has been moved to restore that prohibition to the Bill, I naturally desire that it should be restored, though I agree that moneylenders should be allowed, on their own premises, to show that they are doing business there.

Lieut.-Colonel WATTS-MORGAN: I understand that the hon. Member is going to accept the Amendment which will prohibit that taking place. Do not let us have any monkeying about the business at all.

Commodore KING: I was going to explain, after the remarks of the hon. Member for Westhoughton (Mr. Rhys Davies)—

Lieut.-Colonel WATTS-MORGAN: I am not giving way to the hon. and gallant Member.

Commodore KING: If the hon. and gallant Member will allow me, I was going to explain that if this Amendment is carried, mine, in line 26, to leave out from the word "aforesaid" to the word "if" in line 28, will not be moved.

Lieut. - Colonel WATTS - MORGAN: That means exactly the same thing.

Commodore KING: I think I can make it plain. On an Amendment moved by the hon. and gallant Member for East Rhondda (Lieut.-Colonel Watts-Morgan) in Committee, these words, which it is now proposed to insert, were omitted. From the point of view of the Government, they did not mind whether they were in or out, and, under pressure, the promoters of the Bill accepted the deletion of these words. A question was put in Committee to my hon. and learned Friend the Solicitor-General whether, if those words were omitted, it would not be necessary to delete the words lower down as is proposed in an Amendment standing in my name on the Amendment Paper now before the House. Through

some mistake, as hon. Members will see if they look at the OFFICIAL REPORT of the second day's proceedings in Standing Committee, it was reported that these words which I now seek to delete were, in fact, deleted in Committee, but in the official record that does not appear, and my Amendment is merely to carry out the intention expressed by the Committee upstairs. But if this Amendment of my hon. and gallant Friend be carried, there will be no need for my Amendment to be moved, because it is only complementary to the Amendment which was made in Committee.

Lieut.-Colonel WATTS-MORGAN: I am very much obliged for the explanation, and it does carry out what we agreed upon upstairs with regard to that matter.

Mr. WOMERSLEY: May I ask whether, if this Amendment be carried, a moneylender cannot have a brass plate with his name on his door, or a painted sign to indicate that he is doing business on certain premises?

Commodore KING: The proviso to Sub-section (2) says:

"Provided that an advertisement . . . may be published . . . by means of a poster or placard exhibited at any authorised address of the moneylender."

Those words will still remain. I do not seek to remove them.

Mr. RHYS DAVIES: Will not the position be this? If we accept the first Amendment, the Amendment of the hon. and gallant Member opposite is not to be moved, and the moneylender will be precluded from using placards and posters in general, but will be allowed posters and placards on his place of business?

Commodore KING: Yes.

Mr. HARNEY: I would like to ask whether the promoters and the Government have definitely made up their minds to resist my Amendment relating to business cards? Will they not reconsider the sending out of a business card?

Commodore KING: No; we could not do that.

Mr. DENNISON: I agree with my hon. Friend that this is, perhaps, the most important Clause in the Bill. I am glad, also, that there is a general consensus of opinion in the House to accept the

[Mr. Dennison.]

Amendment to prohibit general placarding by posters and so on, because I think that is a most objectionable form of advertisement. It is a serious proposition for a Scotsman to see a man with a board on his back with the words, "Do you want money?" I am very glad that that form of advertisement is to be cut out. Nothing has been said about Sub-section (3) of this Clause dealing with the question of touting. If there was one thing against which the Committee upstairs, and particularly the Select Committee, of which I had the honour of being a member, set their face, it was touting on behalf of the moneylending business, and I think on examination it will be found that Sub-section (3) of this Clause is very tight indeed. But I would ask whether or not, between now and the time when the Bill reaches another place, some provision could not be added to deal with dud firms, that is, firms who start with no money at all, who may be registered at Somerset House with about £3 capital, and advertise themselves as prepared to lend anything from £5 to £5,000 on note of hand? That is worth inquiring into.

I do not think there is anything in the Bill to deal with that form of abuse in a profession which, after all, is a necessary commercial business to-day, whether it is regrettable or not, and it is carried on in many cases at a high standard. We know it is abused. There are unscrupulous moneylenders, just as there are unscrupulous borrowers. Only this week we have seen a report of proceedings regarding the bankruptcy of a noble lord, a member of the other House, who has been bankrupt three times. He attributes his downfall to having got into the hands of moneylenders. He did not go to moneylenders of his own volition, but because he was being pressed by other people to get money, which he merely handed over to tradespeople or other people who were pressing him hard. I know of a tenant of a public house belonging to a brewery company, of which an hon. Member of this House happens to be a director, and the tenant was being pressed so severely for his accounts that he had to go to a moneylender to get the money to hand over to the brewery company. Let us be quite frank. Let us examine this thing in all its bearings without prejudice. It is extremely difficult to deal with this

matter without being liable to be understood as taking the side of the moneylender against the borrower, and I make this confession, that when I was appointed a member of the Select Committee of 1925, frankly I went on to that Committee unconsciously with a tremendous amount of prejudice against the moneylender, but, in the course of the proceedings, having heard the evidence and the whole position examined, I certainly modified my view. I came across sufficient evidence to satisfy me that, alongside the unscrupulous moneylender, there was equally the unscrupulous borrower. This Bill does not deal with the whole contract involved in a moneylending transaction. Nothing is said about the unscrupulous borrower. Instead of being called a Moneylenders Bill, it ought to be called a borrowers' Bill, a borrowers' charter.

But I want to get back to the point that in Committee upstairs we had a very keen debate on the whole of this Clause, occupying four days. We had a very patient chairman, the same chairman who is the subject of censure by certain hon. Members. He had a good deal of patience with the promoters of the Bill. I would not like to say he was 100 per cent. patient with us, though I would be the last to pay him anything but a compliment. There was the keenest discussion and the keenest division on this Clause. On this question of placards, posters and circulars the majority was only 8. I do not know how many Members there were on the Committee who might be regarded as promoters of the Bill, but there were a good many supporters of the Government. Really this is not a private Members' Bill. It is a Tory Bill. The Government have tried to make out that this is a private Members' Bill, but they have not deluded me into that belief, because I have spent far too much time over this Bill, to the neglect, I am afraid, of some other matters.

I want the House to examine this question of circulars free from prejudice. In 1925, when the Select Committee investigated the question and examined numerous witnesses on the question of circulars, there was no objection to the issue of circulars as such but—and this is the kernel of the question—the objection was concerned with the nature of the circulars and the language in which

they were couched, the deceptive language, in many cases. The feeling was that the circular to be sent through the post should be in a limited and prescribed form, that the circular should not tell lies and deceive those who received them. This view is borne out by a statement by Lord Darling in another place. Lord Darling was asked by Lord Phillimore whether the recommendation made by the Select Committee as to circulars sent through the post would preclude the sending of an ordinary business circular or business card. Lord Darling, who was Chairman of the Select Committee, was quite definite on the point. He said it did not preclude a moneylender sending out an ordinary business card in the prescribed form, that is, in the form of the advertisements which moneylenders can send to the newspapers.

This is a difficult question to deal with, because one is liable to be misunderstood and to be accused of being in the hands of moneylenders if one argues in favour of this concession. As other Members have made statements about themselves, perhaps it is necessary for me to say that I am not in the hands of the moneylenders and that I hold no brief for them. I have never borrowed, not because I did not need money, but because I thought it was a very bad habit, and because I could not afford to borrow, being too poor to pay back. Also, I certainly could not lend money. If I had had money to lend, perhaps I should have found some difficulty in parting with it, being a Scotsman.

MR. DEPUTY-SPEAKER (Mr. Hope): I do not see what this has to do with the question of circulars.

MR. DENNISON: I thought we were permitted to discuss the whole of this Clause.

MR. DEPUTY-SPEAKER: Yes, the Clause, but not the Bill or the personal affairs of a Member.

MR. DENNISON: I am much obliged. I come here to be corrected. What I want to do is to make clear to those Members who were not on the Select Committee or on the Standing Committee that the form of intimation which a moneylender is to be allowed to make to the public was dealt with very specifically. He is to be allowed to advertise

only his name, his business address, his telephone number and his telegraphic address. If it is right to allow a man to let the public know through the newspapers that he is carrying on this profession, surely it cannot be wrong to allow him to send the same information privately to an individual through the post. I have not been able to understand what objection there could be to it, unless it were a sentimental objection. I do not see what logical argument could be advanced against it. If the promoters of the Bill will not agree to that, they ought to be frank with us and say they want to make this business illegal and to stop it. It is not fair to accept this business, as we all do, as a necessary commercial proposition and then to preclude those who carry it on from letting the public know about it; and as we have taken steps to check the abuses of which moneylenders may have been guilty in the past through issuing misleading circulars, I think we shall be going too far if we stop circulars altogether.

With the Clause as a whole I am in general agreement. I think it is a sound proposition. I think we are all unanimous about preventing touting. While I cannot always associate myself with the hon. Member who is moving this Amendment, after my experience on the Select Committee and on the Standing Committee, and after close reflection on the matter, I can say that I wholeheartedly support his proposal, though I am only speaking for myself and not for other members of the Labour party or for the Tory party. I know there are some members of the Tory party who agree with me, and it is the first time I have ever found myself in combination with hon. Members opposite, but some of them are right on this occasion.

MR. STEPHEN: The remarks of my hon. Friend the Member for King's Norton (Mr. Dennison) with regard to circulars have left me quite cold. He says that the form of the circular is the only cause of complaint. I go further, and say that the fact that the circular is sent at all is a cause of complaint. I will tell my hon. Friend one reason, other than a sentimental reason, why I say that. When a circular of this kind is sent by a moneylender to an individual, it may help to destroy the credit of the individual to whom it is sent. He has

[Mr. Stephen.]
not asked the moneylender to send it, but it comes to him as if he were in financial difficulties, and, consequently tends to destroy his credit. With regard to the form, I have here one of the circulars that are sent out by a moneylender in Glasgow. It was sent to one of my constituents, who has sent it on to me, and I think it is well that the House should know the kind of thing that is sent out. It reads as follows:

"I was pleased to see through the Press of the safe arrival of your little son, and trust most sincerely that you are both making satisfactory progress. How pleased and relieved you must be to feel that the little might is a boy—"

the House will note the spelling "might" for "mite"—

"and that he is strong and well. Please accept my heartiest congratulations and good wishes. At the time when you are rejoicing over the arrival, you may also be pleased to know that, if you are in financial difficulties, I am prepared to grant any sum from £3 upwards to you and your little son."

This is the sort of thing with regard to which a plea is made that permission should be given to these people to send out circulars.

Mr. DENNISON: On a point of Order. I made it quite clear that I was opposed, as was the Select Committee, to the sending out of misleading circulars of this type.

Mr. STEPHEN: This circular has been sent to me by a constituent of mine, and it is on the notepaper of the moneylender himself. Some of my colleagues have seen it. My hon. Friend the Member for King's Norton says that he made it perfectly clear that he objected to the form of many of these circulars, but I say again that, while it is true that he did say that the form was the objectionable thing, I say that it is more than the form. These circulars may do the people to whom they are sent a great deal of damage, and I am surprised that anyone can defend such a practice at all. It is suggested that they might be allowed simply to send a business card. This might be taken as a business card. A definite form might be laid down for such circulars, but, even if a circular were in the form laid down in the Act, there would still be the possibility of damage to the credit of the individual. I do not

want to do anything that will hinder the passing of this Bill, but I did think that this precious circular was worth bringing to the attention of the House during the discussion on this matter. No people suffer more from moneylenders than the poor people in the cities who get into their hands, and, under the form of procedure in connection with a promissory note, they are practically helpless in the hands of the moneylender unless they get legal assistance. They are not in a position to get legal assistance, and, consequently, they are in the toils. I hope that this Bill will pass to-day.

Amendment agreed to.

CLAUSE 5.—(*Form of moneylenders' contracts.*)

Amendment made: In page 8, line 25, after the word "delivered," insert the words "or sent."—[*Mr. Dennison.*]

Mr. SOMERVILLE: I beg to move, in page 8, line 25, to leave out the words "within seven days," and to insert instead thereof the words "at the time."

In the unfortunate absence of the other supporters of this Amendment, it falls to me to move it. The fact that the other supporters of the Amendment

2.0 p.m. are lawyers affords some reason for believing that it rests on a sound legal foundation. The object is that the carrying out of the transaction should follow the ordinary course of business, and that, at the time the contract is made, both the borrower and the lender should have a signed copy of the agreement. The Bill as it stands provides that the agreement shall be handed over with seven days, but it seems safer, and more in accordance with the ordinary course of business, that the agreement should be handed over at the moment when it is made and signed. One can easily imagine that an untrustworthy lender, dealing with a weak or credulous borrower, might take advantage of the interval to attempt to tamper with the agreement, and introduce terms more favourable to himself. I hope that my hon. Friend in charge of the Bill will accept the Amendment.

Lieut.-Colonel HENEAGE: I beg to second the Amendment.

This Amendment proposes that the note or memorandum containing the terms of the contract shall be signed and

delivered to the borrower at the time, and, in accordance with the provisions of this Clause, it will have to contain a statement of the rate per cent. per annum of interest charged; and the circular referred to in Clause 4 has also to show, in somewhat similar terms, the rate per cent. per annum. The drafting of the Bill has been such as to ensure, as far as possible, that the borrower knows exactly what is the rate per cent. per annum charged, and the suggestion of this Amendment is that the agreement containing this and the other particulars shall be handed over at the time it is made, instead of waiting for seven days.

Commodore KING: These words that it is now sought to introduce were deleted in Committee. The Bill, as originally drafted, had these words, "at the time," but after careful consideration the words "within seven days" were substituted. The point raised by the Amendment is that the borrower should know at the time the exact conditions of the contract into which he is entering. If the loan is at a fixed rate of interest he is aware of that when the contract is entered into, because he and everyone to be charged under the contract has personally to sign the contract. Where the loan is not at a stated rate of interest it is already laid down that before the contract is signed the actual rate per cent. per annum involved in the repayment has to be given to the borrower in writing. Therefore his position is well assured. The reason for giving seven days is that many of these transactions are carried out through the post, and while the contract itself may be completed by the signing of the document by all persons who are going to be charged, it seems reasonable that a few days may be allowed for the sending of the copy of the agreement to the borrower, he being, at the time when he enters into the contract, in full knowledge as to what the terms are. After the discussion we had upstairs, I think it is better to leave the Bill as it stands.

Amendment negatived.

CLAUSE 6.—*(Prohibition of compound interest and provision as to defaults.)*

Commodore KING: I beg to move, in page 9, line 15, at the end, to insert the words

"and any interest so charged shall not be reckoned for the purposes of this Act as

part of the interest charged in respect of the loan."

This is with regard to the payment of interest in regard to amounts already due for principal or interest. It is laid down that interest on such overdue amounts may be charged at simple interest. Under Clause 14, where the definition of "interest" occurs, it would obviously not be fair that this simple interest on the over-due amount should be reckoned as interest for the purpose of ascertaining the permanent rate of interest. It would not be fair to reckon this simple interest for the purpose of reckoning the rate of interest on the loan itself.

Amendment agreed to.

CLAUSE 8.—*(Provisions as to bankruptcy proceedings for moneylender's loans.)*

Mr. HARNEY: I beg to move, in page 10, line 21, to leave out the words "five per cent. per annum," and to insert instead thereof the words "the rate provided for in the original contract."

The object of the Clause is to prevent a very great injustice being done to moneylenders. The Clause as it stands says that in bankruptcy not only for the purpose of dividend but for the purpose of voting at meetings and compositions and schemes of arrangement a moneylender shall, as regards that portion of his claim which is made up of interest, be treated as if the interest is only 5 per cent. after all the other creditors have been satisfied to the full, and then he may come back for the balance. The effect of that is that in the case of the insolvency of his debtor the moneylender shall be treated as if every remedy then opened, namely, for the purpose of receiving dividend for the purpose of voting on a scheme of arrangement, for the purpose of voting for a composition, for everything he could do to get his money back, as if the interest was 5 per cent. and not the full amount.

Take a concrete case. The moneylender makes a bargain. He says, "I will give you £100 if you will promise to give me £148—48 per cent. is the maximum interest under this Bill. There is a bargain. Curtailed in every conceivable way, the moneylender who makes that bargain has to be a man of good character, he has to get a certificate, he has to pay a cer-

[Mr. Harney.]

tain licence fee, he has to make returns, he has to go through an elaborate system of accountancy, and even the 48 per cent. can be cut down if the Judge thinks it is unreasonable. So here you have a man who must be of good character, who is absolutely limited as to the amount of interest he can charge, and who is restricted in every possible way. Having made a perfectly legal bargain under all these adverse circumstances, he ought to have the remedies of the ordinary creditor. This Clause has not been put into the Bill for the purpose of mitigating the evils of moneylending, and it has nothing to do with circulars or with the moneylender getting the borrower into his net. All that has been done by the time this Clause is in operation. It has nothing at all to do with benefiting the borrower, and that is a point I wish to stress. In the circumstances with which we are now dealing, the borrower is out of the picture.

You are creating a preference between one creditor and other creditors. Why? Because one of them happens to be a moneylender and the others are not moneylenders. I confess that I do not see very much difference between moneylenders who take advantage of persons in impecunious circumstances and other traders who also take advantage of them by putting up the price because they know the chances of getting payment are doubtful. When any young man goes to his tailor and says "Oh well, you know, I will not be able to pay you for perhaps six or eight months," the tailor makes him pay 60 or 70 per cent. more for his suit. Therefore, I think the tailor or dressmaker, or whoever it may be, is in exactly the same position as the moneylender.

This Clause sprang up in this way. In 1890, the Bankruptcy Act had a provision that where persons were putting in claims for dividends, if the claim included a claim for interest, i.e., interest upon a debt, only 5 per cent. of that interest would be allowed until all the other creditors had been paid. It was not aimed at moneylenders at all. It came to be considered by the official receivers as meaning not interest on a debt but interest in a debt. So what they did was this. They cut down the interest that the moneylender, like any

other creditor, might charge on account of arrears of payments. It was thus that they brought forward this extraordinary anomaly. Take a dressmaker who expends £100 upon buying dresses. She disposes of the £100 worth of dresses to customers for £150. £50 is her gross profit. If a debtor of that dressmaker goes into bankruptcy, the dressmaker is allowed to prove for £150, but she is cut down if she charges interest on the non-payment of that £150. Now take the case of the moneylender. The moneylender has £100, and he says "I will give you that £100 in sovereigns if you will promise to give me within a certain time £150. The £150 received by the dressmaker is capital plus profit, and the £150 due to the moneylender is capital plus profit, but the profit of the moneylender is called interest, and, therefore, the official receivers can cut that interest down. That is a great injustice, and it has operated on a great many occasions against moneylenders. We do not want to alter that. We cannot alter it in this Bill. This Bill goes a great deal further than that. So far from remedying injustice to the moneylender it is going to do a further injustice to them, because not merely will the moneylender differ from the dressmaker, bootmaker, grocer or wine merchant, but he will have his profit cut down to 5 per cent. Thus, for all practical purposes, he will be put into a position as though his original bargain was 5 per cent. instead of 48 per cent. as is provided for in the Bill. I say that this is unjust, unfair and unequal treatment.

I think the House ought to vote in favour of this Amendment on purely logical and just grounds. It does not touch the evils of moneylending, and therefore why should a moneylender who has made his bargain subject to all these restrictions and is able to say, "This is a perfectly legal bargain," be deprived of all benefit except 5 per cent. I do not see any justification whatever for that. It was said in Committee that the only grounds upon which this proposal was put forward was that moneylenders might charge exorbitant interest, that they might pile up their claim by putting on interest. It was also asserted that in the case of bankruptcy they might use the method of piling up their claim

for the purpose of defeating the other creditors and preventing a composition or arrangements, and compelling the publicity of bankruptcy proceedings, and in that way force a man to pay something. Any lawyer in this House knows perfectly well that not one, but thousands of cases arise every year where ordinary creditors say: "That fellow will pay sooner than go into the Bankruptcy Court." It is not only moneylenders who say this, but other creditors. As a matter of fact, this Clause does not prevent that in the slightest degree. The way to prevent this is to make a provision that the moneylender shall not be allowed to push a debtor into bankruptcy. This Clause says that his voting powers shall be limited. He will not have the privilege, for instance, of saying, "Well, I think that man should really have paid 11s. in the £," although other creditors might think that 9s. in the £ was sufficient. This man's voting power is cut down. Why should he not have full voting powers like other creditors?

It may be said it is unreasonable to ask that the law as it stands under the Bankruptcy Act of 1890, and afterwards confirmed by the Act of 1904, should remain unaltered. But the law operates unjustly and unequally at the present time by reason of the renderings that have been given to certain words in the Act of 1890, when there was no Moneylenders Act. I should like to see an Amendment brought in to set the law right and to remedy the injustice which has been done all these years to moneylenders. Certainly, to aggravate the position, as this Bill does, is wholly without any justification. In 1890, or even ten years later, I could have understood people saying: "We must stop these bloodsuckers—that is what the majority of people would call them, but I would not—these vampires, from rushing people into bankruptcy, and putting forward exorbitant interest for the purpose of being able to outvote the other creditors." I could understand that being said in those days, because there was no restriction then as to the character of the moneylender and no limitation as to interest. In those days they might be men of infamous character, and their interest might be 300, 400 or 500 per cent. We have now before us a Bill which says that they must be men of good character

and that they cannot charge exorbitant interest. They cannot, for all practical purposes, go above 48 per cent., and they cannot even go up to that if the Court thinks that they have acted unreasonably. They must be licensed. At this time, when you hedge round a particular class of tradesman, the moneylender, with safeguards which are not applied to any other tradesman, to say that if a man becomes insolvent the moneylender, of all creditors, must be deprived of the rights which the law provides for other people, is most unfair.

Lieut.-Colonel WATTS-MORGAN: I beg to second the Amendment.

Commodore KING: Put shortly, I gather that the complaint of the hon. and learned Member is that moneylenders have been treated for the purpose of voting on composition on the same basis as they stand at present in regard to voting for the purpose of dividend. He complained of the harshness under the Bankruptcy Act of their being treated on the basis of an allowance of only 5 per cent. interest.

Mr. HARNEY: I said that under the Bankruptcy Act they are limited to 5 per cent., but only for the purpose of dividend. That is bad enough, but under this Bill they are also limited to 5 per cent. also for the purpose of composition schemes of arrangement and voting generally, as well as dividend.

Commodore KING: That is what I understood. The hon. and learned Member said that we could not alter the Bankruptcy Act, but that we ought not to carry the principle of Bankruptcy Act to its logical conclusion in connection with this Bill and treat the moneylender for the purpose of voting in respect of compositions and arrangements as they are treated under the Bankruptcy Act for the purpose of dividend. The moneylender would still have the opportunity of obtaining any further interest that might be due to him that the estate in bankruptcy might permit, after the other creditors have been paid.

Mr. HARNEY: How often does that happen?

Commodore KING: He has that right. The provision in this Bill is merely to protect the interest and provisions of other creditors. The moneylender is limited to 5 per cent. for the purpose of composition. It would be very wrong if the moneylender were to be allowed to rank for the whole of his interest, perhaps an exorbitant interest of 40 per cent., 50 per cent., or 60 per cent.—

Mr. HARNEY: Forty-eight per cent.

Commodore KING: Forty-eight per cent. is only a guide; it is not a limit. It would be very unfair to the other creditors if, whatever the rate of interest they charged, they were allowed to vote and to have a voice to the whole of the amount, as against other creditors who are limited to 5 per cent.

Mr. HARNEY: The other creditors get their full interest in the form of profits, which in one case are called interest profits.

Commodore KING: I am speaking of the provision under the Bankruptcy Act which allows only 5 per cent. to be added to the capital sum by way of interest. The promoters of the Bill and the Government consider that it is only fair to the other creditors that moneylenders should be limited to 5 per cent. for the purpose of voting for composition as they are also limited to 5 per cent. for the purpose of dividend.

Amendment negatived.

CLAUSE 9.—(*Amendments of 63 and 64 Vict. c. 51, s. 1.*)

Lieut.-Colonel WATTS-MORGAN: I beg to move, in page 11, line 33, to leave out the words "of a moneylender," and to insert instead thereof the words "in respect of money lent after the commencement of this Act."

We have here an instance of the retrospective effect of this legislation. I cannot say what will be the effect of the Clause if it passes in the way in which it now stands, because nowhere in the Bill is there any mention made of what is to happen in the event of a licence being endorsed in consequence of the re-opening of a transaction made long before the passing of this Act.

Mr. HARNEY: On a point of Order. Has my Amendment in page 11, line 32, at the end, to insert the words:

"Provided that in respect of money lent, when the contract provides for repayment by weekly instalments, a sum not exceeding the rate of twelve per cent. per annum shall be allowed to be charged to cover the costs of collection"—

been passed over? I thought that was the most important Amendment on the Paper.

Mr. SPEAKER: Yes. I have not selected that Amendment.

Lieut.-Colonel WATTS-MORGAN: If the endorsement can be adduced as a reason for refusing the certificate, it will be most unjust that transactions entered into by all the parties concerned can be re-opened in the way this Clause permits. Just because a Judge does not happen to think the same as a moneylender as to what is a proper amount of interest to be charged, the moneylender has to run the risk of losing his licence in any proceedings on a case which has been re-opened. If this is the intention of the Bill it will be very unfair to the moneylender, because he cannot know the mind of the Judge. It amounts almost to blackmail in all cases which may be re-opened by the borrower. I have realised from the beginning that this is a borrowers' Bill not a moneylenders' Bill. Hon. Members may look upon money-lending as a sin, but there are other ways of taking people's money which are just as bad. Both should be avoided. It must also be remembered that the moneylender enters into this transaction on the representations of the borrower. This retrospective effect in the Bill will be very injurious. It is dishonest, and it is introduced here with an amount of vengeance which reminds one of the middle ages. The moneylender has no right of appeal. I hope the promoters will accept the Amendment.

Mr. WOMERSLEY: I beg to second the Amendment.

Mr. BURMAN: I do not think there is any serious grievance here. Under the Moneylenders Act 1900, a transaction can be re-opened on the ground that it is harsh and unconscionable, and if when the transaction is re-opened and comes before the Court and it is proved against the moneylender that it is harsh and un-

conscionable surely it is fair that a record should be made of that transaction on the certificate. It is a record of the fact that he did something dishonest or unsatisfactory before this Bill was passed, and as the transaction is not re-opened under this Bill but under the Act of 1900, I do not think we are doing the moneylenders any injustice.

Lieut.-Colonel WATTS-MORGAN: He may lose his licence.

Mr. BURMAN: I quite agree that follows. If he is proved to have been guilty of harsh and unconscionable conduct there is no reason why that should not be recorded on the certificate.

Lieut.-Colonel WATTS-MORGAN: It is agreed that it will be unfair for a moneylender to lose his licence for a retrospective action. I am asking that the 1900 Act shall be continued and that a moneylender shall not lose his licence under this Bill.

Mr. BURMAN: He must take the consequences.

Mr. J. BAKER: We are passing a new Bill; I hope it gets through and becomes law, but I do not wish it to be unfair. A moneylender did something years ago which he was quite entitled to do. We are now altering the law and saying that something he did some time ago is now wrong. The promoters of the Bill propose to punish him for doing a thing which was not wrong when it was done.

Mr. BURMAN: Oh, no.

Mr. BAKER: It was perfectly legal when it was done. I do not think this House should pass retrospective punishment in the form of new legislation. Hon. Members who sat on the Committee upstairs agreed that this provision is unfair although the majority of the Committee considered otherwise. I want to enter my protest against passing legislation which will have the effect of inflicting retrospective punishment upon men for acts which are declared by the Bill to be wrong but which were perfectly legal when they were done.

Mr. OLIVER: I have no love for the moneylender, but I can see that some injustice may be done by the Clause if it is passed in its present form. It would be extremely unfair to penalise a money-

lender for something which occurred years ago, if that transaction is reopened after this Bill becomes law, and that he should have his licence endorsed with that particular offence. That is wrong. I think we should start from the time the Bill comes into operation and any offence which a moneylender permits after the passing of this Bill should be endorsed on his licence.

The LORD ADVOCATE: It is rather important to appreciate exactly the situation which arises. There is a transaction which, under Section 1 of the 1900 Act, may be brought into Court and may be characterised as harsh and unconscionable by the Court. It may be a transaction of 10 or 12 years ago, but it is perfectly open to the moneylender, who may have repented of his ways and does no longer trade on harsh and unconscionable lines, to himself reopen the transaction. There is no need for the matter to come into Court at all. It is only on his refusal to reopen the transaction, on his insisting on sticking to a harsh and unconscionable transaction, that the matter comes into Court at all. That seems to me to characterise and affect his present method of trading. It does directly affect his present methods of trading if it is brought into Court. If he has changed his methods it will not be harsh and unconscionable. That is the whole basis of the argument. If he insists on sticking to that harsh and unconscionable transaction, then it is a relevant factor to consider whether he is a man who should be allowed to get a certificate at the present time. For that reason the Bill is not unjust and is one which will carry out the object which everyone has in view.

Mr. HARNEY: The Lord Advocate, by reason of his clear statement, points the injustice of this Clause. What the Government have in view this. After this Act is passed, if a moneylender is brought into Court a Judge may say to him, "Long before this Act was passed you made a bargain which then you were allowed to make, though we now say it is harsh and unconscionable." It is a transaction which was made under the 1900 Act. The Act did not limit at all the amount of interest, and the transaction made under that Act was one, so far as he knew, in accordance with the law. Now

[Mr. Harney.]

the Judge is to be empowered to say, "Produce your certificate, and we will endorse on it that you were a bad boy, not since the Act told you to be a good boy, but years before." You now have an Act of Parliament which says a moneylender must have a certificate and that certificate shall be used to carry an endorsement as to how he conducted himself since he got that certificate. This Clause says you can put on the back of that certificate what you regard as misconduct, not since he got the certificate, but long before it. [HON. MEMBERS: "No."] I may be wrong, but here are the words—

"Where a Court re-opens a transaction of a moneylender under the said Section 1 of the Moneylenders Act, 1900"—

it is agreed that the Court can re-open in 1928 a transaction which took place 10 or 15 years ago—

"the Court may require the moneylender to produce any certificate granted to him in accordance with the provisions of this Act."

The moneylender is bound to produce the certificate granted under this Act. What can be put on the back of the certificate? The Judge—

"may cause such particulars as the Court thinks desirable to be endorsed on any such certificate,"

i.e., as arises out of the proceedings regarding a transaction which has been re-opened and which happened years ago.

Mr. G. JONES: For what was wrong under the 1900 Act?

Mr. HARNEY: That may be, but what I am pointing out is you are now laying down a new Clause. Henceforth, moneylenders shall have a certificate, and the fact of that certificate shall be a record of how they conducted themselves since they got their certificate. This Clause enables you to put on the back how they conducted themselves before it.

Miss LAWRENCE: I cannot help thinking that there is an extraordinary confusion of ideas in the minds of those who oppose the Clause. The persons who grant the certificate are bound to take evidence of good conduct and the endorsement of the Judge is part of the material for forming a judgment which is placed at the disposal of the licensing authority. All the evidence of competent witnesses is relevant, and, when you say it is retrospective, you might just as well claim

that any species of bad conduct that a moneylender committed before in years past should not count when the licensing authority is considering whether he is a person of good conduct. What hon. Members are asking, logically, is that there should be a wiping out of every offence that a moneylender may have committed during his life, so that he may, from the moment this Act is passed, appear before any licensing authority in a perfectly clean sheet. I desire to say, speaking generally, that the difficulty of all licensing authorities is always that of obtaining sufficient and reliable evidence, and that there are many cases where there is such a divorce between the Court and the licensing authorities that very important and reliable evidence is not obtainable. For instance, there are the provisions of the Act for the protection of infants, where one authority is charged with the oversight of such infants and the coroner is charged with holding a special inquiry in case the child dies, but where there is no obligatory communication of any kind between the Court and the registrar. I say that is wrong in itself. These licensing authorities ought to be in possession of the fullest possible information. The endorsement of the Judge on the certificate is not in the nature of a judgment, but of information which can be taken into due consideration when the question of character comes up. If you admit testimony as to a man's personal character during a long and blameless life before the licensing authority, equally it is right to admit evidence with regard to any misdemeanours. I hope, therefore, that the House will dismiss this proposal.

Mr. THURLE: The hon. and learned Member for South Shields (Mr. Harney) said that this Clause was punishing the moneylenders for some offence committed before this Act comes into force. I submit that what it is intended to punish him for is not offences committed after the Act, but for having failed to make restitution for them. At any time after he committed an offence it would have been open to him to have said, "This bargain was harsh and unconscionable, and I have no wish to stand by it." If after the Act comes into force, he still stands by that bad act and bargain, it is in effect repeating the crime, and to that extent I think we are perfectly entitled to punish him. If I may put it

very briefly, in scriptural language, we may say to the moneylender in such a case that if he will repent he shall be saved, but if he fails to repent we are entitled to damn him on his certificate.

Question, "That the words proposed to be left out stand part of the 'Clause,'" put, and agreed to.

CLAUSE 13.—(*Special provisions as to Pawnbroker's Loans.*)

Mr. RHYS DAVIES: I beg to move to leave out the Clause.

I will be very brief in moving the deletion of this Clause. In the first place, those of us who have taken an interest in this Measure fail to understand why Clause 13 was inserted at all. The first point I want to make is that the Clause in fact does not belong to the Bill and has no connection with it, as the Bill would be complete without it. I think the hon. Gentlemen who are responsible for the Measure have succumbed to some pressure in connection with this Clause, though we have failed to find where it came from. Having said the Clause does not belong to the Bill, I ask what does the Clause do? We object to this Clause because it provides for the pawnbroker what it fails to provide for the moneylender, and in that connection it is grossly unfair. I would like to remind the Committee of what the pawnbroker can secure when he lends money. First of all he can secure 20 per cent. interest and make a charge for the preparation of the documents relating to the loan, not exceeding the sum of 1s. for every £10 lent. More than that, he can also get a charge equal to the actual amount of the Stamp Duty paid by him upon any such document. There are three things, but it does not stop there, for see what else he gets. As a matter of fact, if it went very much further, I do not think there would be anything of the loan left, but it provides that the pawnbroker shall not be deemed to have failed to comply with the foregoing conditions by reason of his having, in good faith and in accordance with the terms of the contract for the loan, made a reasonable charge for the storage or the care of any pledge. Again, towards the end of the Clause it appears to me there is another provision for him to make a further charge, so that it seems

a pawnbroker can make five, if not six, charges from the person who borrows money from him. That is not the case with an ordinary moneylender, and for the two main reasons which I have given I move that the Clause be deleted, because it does not belong to the Bill, which would be complete without it, and because it allows a pawnbroker to make several charges which the moneylender is not allowed to make.

Mr. DENNISON: I beg to Second the Amendment.

I and those associated with me in this Amendment would like to know the reason why this Clause was introduced at all, and why there is this difference in the treatment meted out to the moneylender in the ordinary course of business and to the pawnbroker. As my hon. Friend has pointed out, the pawnbroker is allowed under this Clause to make five different charges on the person who pledges something with him and receives a loan from him. A question that was much debated in Committee was that we should not allow any loophole for the moneylender to get any additional charges beyond what was regarded as reasonable interest, and that we should prevent any interest being charged which was harsh and unconscionable. Now here in the first sub-section of this Clause the pawnbroker is entitled to charge 20 per cent. per annum in respect of the loan or on the pledge. In most cases, as the pawnbrokers themselves will agree, they do not give any more than two-thirds of the value of the pledge as a loan. The next thing they are entitled to charge is 1s. for every £10 lent, and also, where documents are prepared, the value of the stamp put on the document. I cannot see what extra work is involved on the part of a pawnbroker to make out a document for £10 or £20. In addition to these two items, he is entitled to make a reasonable charge for the storage or care of any pledge. What is "a reasonable charge"? What would be reasonable to the pawnbroker, might not be reasonable to the pawner. In this case the pawnbroker is taking the place of the moneylender whom you have dealt with rather harshly, but whether or not you are dealing harshly with him, he is called upon under this Bill as it stands to pay any charges arising out of a mortgage or a bill of sale.

[Mr. Dennison.]

This Clause was introduced on the last day of the Committee's sittings and we had no opportunity of considering it. If it is allowed to stand, I intend to move the Amendment standing in my name later on with the object of improving its wording with regard to what

3.0 p.m. is a reasonable charge. When

we come to Sub-section (2) of this Clause we find that not only is the pawnbroker entitled to make all these charges which have been mentioned, but he is entitled to deduct from the amount he has loaned to the pawner all these charges upon which he is equally entitled to charge interest, because they are to be regarded as part of the principal. I do not think it was ever the intention that that should be so. I think the law should be altered in the interest of the community generally, because, when you are dealing with pawnbrokers and pawners, you are dealing with the poorest section of the community. The pawnbroker has been, and I think is to-day regarded in many cases, as the poor man's banker, but there are many cases also where the pawnbroker is as unscrupulous as the moneylender. I hope, when the hon. Member for Grimsby (Mr. Womersley) gets up, he will throw some light on the reasons why this Clause has been introduced. The moneylender had no one to speak for him in this House. At any rate, they have no direct representatives here as Members of Parliament. We should like to have some enlightenment regarding this Clause, so that we may either withdraw these Amendments or press the Amendment for the deletion of this Clause to a division.

Mr. WOMERSLEY: The hon. Member for King's Norton (Mr. Dennison) referred to the fact that moneylenders had no direct representation in this House, and, if he means by that that the pawnbrokers have appointed anybody to represent them in this House, he is greatly mistaken. I hope he did not mean that.

Mr. DENNISON: Oh, no.

Mr. WOMERSLEY: I am very glad to hear that, because I think it would be a reflection on some hon. Members of this House. The question was asked why there should be any exception made with regard to pawnbrokers from the general

provisions of this Bill. I will state the reasons why as briefly as possible. In the first place, pawnbrokers have been restricted under the Pawnbrokers Act of 1872 as to the amount they can charge for interest and the tickets and other things, on loans up to the amount of £10. The Act of 1872 was passed to deal with amounts up to £10. Beyond that the pawnbroker, like every other person, is simply subject to the common law of the land; he can lend money on any terms he likes, he can charge what he likes, and do exactly as he likes, provided the borrower is prepared to agree. When the Moneylenders Act was passed in 1900 it was not intended that pawnbrokers should be included in it at all, but in the Courts it was laid down that pawnbrokers were included in it, and as the fee charged for registration was a guinea and the registration period was three years, the pawnbrokers did not regard it as worth their while to fight the matter in the Courts, simply because of their having to pay that small fee; and the other payments under the Moneylenders Act of 1900 were no hardship at all to the pawnbrokers as they were already conducting their business on the lines laid down by that Act.

I suggest that the reason why the pawnbrokers are entitled to this Clause, is that they are prepared to allow their interest to be restricted to 20 per cent. If the moneylenders were prepared to come forward and say the same thing, I should say "Give them any other little advantages you can." But they will do nothing of the kind; they know that 20 per cent. is not sufficient for their particular purpose, and they want a much higher rate of interest. The question has been raised as to security. It has been pointed out that a pawnbroker can afford to lend at 20 per cent. because he gets security. Because the Pawnbrokers Act did not apply to amounts over £10 a great majority of the moneylenders of this country are to-day acting as pawnbrokers for sums over £10. They are demanding security. I know they say in their circulars "We will send you back notes on return," and so on, but my experience is that a big majority of them are asking for security. They are entitled to do so in the same way as the pawnbroker under the present Acts of Parliament. Many of these men have

actually got large warehouses in our large towns, where they store goods that they take in as pawnbrokers, simply because the Act cannot affect them if the transaction is over £10. So they are getting security and charging a much higher rate of interest than 20 per cent. A question was raised as to why they should be able to charge for documents. This provision is simply copied from the Pawnbrokers Act. A further question was asked about charging the Stamp Duty. This Duty goes to the Government and not to the pawnbroker. There was a further question as to the charge for storage.

Mr. DENNISON: I am not objecting to the charging, but I am objecting to the Clause permitting what is described merely as a "reasonable charge."

Mr. WOMERSLEY: The hon. Member has an Amendment to deal with that point, and if it is called I assume we can discuss it. I would ask Mr. Speaker to tell us whether it would be in Order to discuss that question of a reasonable charge on this Amendment.

Mr. SPEAKER: It will be in Order because the present Amendment is to leave out the whole Clause.

Mr. WOMERSLEY: Let me return to the question of storage. It is laid down clearly in the regulations here that no charge can be made for an article that is capable of being sent through the Post Office, but a charge is allowable for very bulky articles. What are the articles that are usually deposited with the pawnbroker by the lender for a loan over £10? In many cases the article is a piano which has to be stored in a building where it will not deteriorate. It must be kept in a building properly constructed for the purpose, and properly heated, and a certain amount of expenditure is incurred in providing that storage. This Clause will allow a reasonable charge in that respect, according to the class of the article, and I submit that is a fair proposal considering the fact that the pawnbroker is only going to charge 20 per cent. There is another feature about these pawnbroking transactions which is possibly unknown to many hon. Members. The Pawnbrokers Act lays it down clearly that any article pledged for an amount over £2 cannot be sold at the expiration

of the term of the contract except by public auction and that any surplus accruing over and above the amount lent and the interest on it, shall be handed over to the pledger on application.

The point raised by the hon. Member for King's Norton that the pawnbroker only lends two-thirds of the value and is bound to gain every time cannot be maintained under the law as it stands. They are restricted to receiving the amount of the loan and the interest, and, as I have shown, any surplus accruing from the sale of the article must be handed over to those who have pledged the article. I submit this Clause is a reasonable one and is fair to a body of traders who have proved themselves to be men of the highest integrity and have carried on their business for the benefit of the community. In some parts of the country attempts have been made to restrict and in some cases to do without this type of trader, but those attempts have proved dismal failures. As the hon. Member for King's Norton said, the pawnbroker is the poor man's banker, and members of that body conduct their business on strictly legal lines. This Clause was accepted by the promoters of the Bill, after consultation with the authorities of the Home Office, and it should be allowed to remain in the Bill.

Mr. BURMAN: It has been suggested by the hon. Member for Westhoughton (Mr. Rhys Davies) that we have been unduly favourable to the pawnbrokers in framing this Clause. I may point out that this Clause was introduced by Lord Haldane in another place in 1925 and the present promoters are not responsible for it. The hon. Member for Grimsby (Mr. Womersley) has dealt very fully with this matter, and he is always very capable when he comes to speak of pawnbrokers. He has fully explained the position to the House and I do not wish to take up further time. There are subsequent suggestions for the slight modification of some of the provisions which are thought to be a little too favourable to the pawnbrokers, and we are quite willing to accept certain of these, if the Opposition will allow us to have this Clause as it stands.

Mr. RHYS DAVIES: In view of the explanation given by the hon. Member, I feel inclined to withdraw my opposition to the Clause. On the understanding that

[Mr. Rhys Davies.]

the hon. Member will accept three, at any rate, of the ensuing Amendments, I am prepared to withdraw this Amendment.

Amendment, by leave, withdrawn.

Mr. DENNISON: I beg to move, in page 14, line 30, after the word "pawner" to insert the words "within seven days."

The object of this Amendment is to bring this provision into conformity with the rest of the Bill. The words "within seven days" are precisely the words which appear in relation to moneylenders in this connection.

Mr. WOMERSLEY: I beg to second the Amendment.

Mr. BURMAN: This is a very reasonable Amendment, and I accept it.

Amendment agreed to.

Mr. DENNISON: May I move the Amendment standing on the Order Paper in the name of the hon. and gallant Member for East Rhondda (Lieut.-Colonel Watts-Morgan)—in page 14, line 30, after the word "memorandum" to insert the words, "signed personally by every party to be charged?"

Mr. SPEAKER: I was not proposing to select that Amendment.

Mr. DENNISON: My name ought to have been attached to it, because I regard it as important.

Mr. SPEAKER: I do not think I can allow that Amendment.

Mr. DENNISON: I beg to move, in page 15, line 3, to leave out the words "for every ten pounds lent."

Mr. WOMERSLEY: I beg to second the Amendment.

Mr. BURMAN: This also is a very fair Amendment, with which the promoters can agree.

Amendment agreed to.

Mr. DENNISON: I beg to move, in page 15, line 11, to leave out the word "reasonable."

This Amendment, in conjunction with the one on the Paper immediately following—in line 11, after the word "charge," to insert the words, "not exceeding the amount expended by him"—is to make

it quite clear what the pawnbroker is entitled to charge the pawner. As has already been stated by the hon. Member for Grimsby (Mr. Womersley), the pawnbrokers are a highly respectable section of the community, and in my younger days, I remember, I used to earn pocket money by going to and from the pawnbroker's shop. If these amendments are agreed to it will be quite clear that a pawnbroker is not entitled to charge anything more than the actual amount expended by him.

Mr. J. BAKER: I beg to second the Amendment.

Commodore KING: This Amendment and the next really need to be read together. It will be realised that it is rather difficult to ascertain the amount expended by a pawnbroker in storing articles on his own premises. Take the case of an article that is frequently pawned, namely, a piano. It would be difficult to say what expense had been incurred by a pawnbroker in storing such an article on his own premises, and the word "reasonable" that is in the Clause would meet such a difficulty. The word "reasonable" is a term well known to the courts, and I am sure that in actual practice there would be no difficulty whatever in ascertaining what amount was reasonable for a pawnbroker to charge for such storage. I, therefore, hope the hon. Member will agree to the wording of the Clause as it stands.

Mr. WOMERSLEY: It has been rightly pointed out that there would be a great difficulty in deciding what the amount actually expended by the pawnbroker had been in certain cases. Take the case of a piano stored in a room properly prepared for storing such articles. It may be that a pawnbroker has only two pianos in pledge in a building costing him 10s. a week rent, and I take it that, if the Amendment were agreed to, that pawnbroker would be entitled to divide the 10s. a week rent between the two owners of the pianos and charge them 5s. each. The pawnbroker is going to be in a much worse position than in the Clause as at present. I think to leave in the word "reasonable" is a fair thing. It may be argued that there may be pawnbrokers like other traders, who are not reasonable, but it is for the Court to decide,

and there is laid down in this Bill something which has never been laid down before, that a transaction can be reopened. Therefore, if the pawnbroker is so foolish as to charge an unreasonable amount, he lays himself open to the transaction being reopened by the Court, and possibly lose far more than he would otherwise gain.

Mr. J. BAKER *rose*—

Mr. SPEAKER: The hon. Member has exhausted his right to speak.

Mr. DENNISON: I beg to ask leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

Mr. DENNISON: I beg to move, in page 15, line 22, to leave out the words "five shillings," and to insert instead thereof the words "one shilling."

Mr. RHYS DAVIES: I beg to second the Amendment.

Mr. BURMAN: I think this is a very reasonable Amendment, and, on behalf of the promoters, I should be very glad to see it accepted by the House.

Mr. WOMERSLEY: I had hoped that the promoters would have been prepared to accept a figure something less than 5s. and something more than 1s. as a compromise. This is a point where the difference comes in between the pawnbroker and the moneylender. In addition to other expenses, the pawnbroker has to keep a specially prepared book, and a rather costly one, in which entries have to be made. He has to make a search on behalf of the customer in the sale book of the auctioneer, who must sign the book to certify that the price has been secured. The pawnbroker will have to go to all that trouble, employ a man, and so on, and I submit that he ought to be entitled to a fee of 2s. 6d.

Amendment agreed to.

CLAUSE 14.—(*Interpretation, etc.*)

Commodore KING: I beg to move, in page 16, line 22, after the word "contract," to insert the words

"(other than simple interest charged in accordance with the proviso to section six of this Act)."

Hon. Members will realise that this Amendment is complementary to and partially consequential on the Amend-

ment moved on Clause 6 which the House has already accepted. It would be quite unfair to include simple interest on overdue amounts in the total amount in calculating the rate of interest for purposes of this Act.

Amendment agreed to.

CLAUSE 16.—(*Application to Scotland.*)

The LORD ADVOCATE: I beg to move, in page 17, to leave out the words from the first word "to," in line 7 to the word "and," in line 11.

This is purely a drafting Amendment. In consequence of an alteration made in Committee, any reference to Section 16 of the Bankruptcy Act, 1914, has disappeared from the Bill, and therefore it is necessary to take out these words.

Amendment agreed to.

The LORD ADVOCATE: I beg to move, in page 17, line 12, to leave out the words "that Act," and to insert instead thereof the words "the said Act of 1913."

This is also a drafting Amendment, to make it clear that the reference is to the Bankruptcy Act of 1913.

Amendment agreed to.

Mr. WELLS: I beg to move, "That the Bill be now read the Third time."

This and similar Bills have been before Parliament for some time, and this subject has received very full consideration. The question has been considered by a Select Committee, and Bills on the subject have on more than one occasion passed through all stages in the other House. I do not think any hon. Member can say this Bill has been hurried, or that it is vindictive, nor do I think anyone can call it grandmotherly. The main features of the Bill divide themselves into three. One is the granting of certificates to moneylenders and the licensing of moneylenders. The second is the prohibition of circulars. The third is, if I may put it in this way, the limitation of interest. It may be thought that a Bill on those lines might have been a very much simpler one, but on going into the matter we found that we had to accept advice from different departments, and the Bill is much more complete than it was expected it would have to be. The Bill will place some limitations on the

[Mr. Wells.]

business of moneylending, and it gives far more consideration to the borrower than the borrower has ever had before. It is said that a fool and his money are soon parted. Some people think that borrowing is wrong in any circumstances, but we cannot change human nature and we do not seek to do so. This Bill is not nearly so stringent as the Pawnbrokers Bill of 1872, but, in spite of that Bill, in which everything was laid down by rules and regulations, that business has flourished, and pawnbrokers to-day have a very high reputation. We hope that this Bill will follow on similar lines. We do not attempt to prevent the borrowing or lending of money; we cannot restrain the foolish and the ignorant; but we do say that, if a man is going to borrow money, he should know what the conditions of his borrowing are going to be, and, knowing them, if he likes to go on with the transaction it is open to him to do so. To my mind this Bill is a comprehensive Measure of social reform, and it is an honest attempt to relieve what has been a public scandal. I would like to offer the thanks of the promoters of the Bill to all those Members of the Opposition and other Members of the House who have helped us through with it, and we all hope that it will very soon become the law of the land.

Mr. RHYS DAVIES: I beg to second the Motion.

I desire to support the Third Reading, as I have supported the Bill through all its stages. I think that the hon. Gentlemen who are responsible for the Measure are to be congratulated on their courage, for it required a great deal of courage, not only to bring such a Measure before the House, but to pilot it through all its stages. I agree that some Measure for dealing with this problem is very necessary. Without wearying the House with details of harrowing cases, I should like to mention one which hon. Members will have seen in the Press quite recently, and which I think is a classic example of what is transpiring from day to day in the Courts of the land. It is a case in which a woman who had borrowed £3 had paid 5s. a week as interest on the £3 for 52 weeks, and still she owed the £3. If one case of that kind can come into Court, what number of cases must there be that

never emerge into the light of day? I will give just one other reason why I support this Bill. I have made no secret of the fact that I wanted a very much stronger Measure than this, and I am hoping that this is only a beginning in the tightening up of legislation in connection with the lending of money.

I am far from satisfied with the Bill as it stands, and, as I have said, I wanted a very much more stringent Measure to deal with the problem. For instance, I do not think we ought to allow a rate of interest of even 48 per cent. I would call the attention of the House to the fact that that rate of interest will be allowed under this Bill. Some hon. Members wanted to make it 60 per cent., but, surely, 48 per cent. is a very high rate of interest on a loan, and, even now, the moneylender need not confine himself to 48 per cent. If he can prove that even 100 per cent. is not harsh and unconscionable, he can call for 100 per cent. on the money that he lends. In any case, however, the figure in the Bill is a guide to the Judges in the Courts as to what they may regard as a fair and reasonable rate of interest. I must—just between brackets as it were—say that I was very sorry that the Home Secretary never helped us in our deliberations. He just did one thing, and I think that this ought to be recorded in the annals of the House. He did come into the Committee on one day to make up a quorum, and I thought that that was really a very undignified thing for the Home Secretary to do.

Sir WILLIAM JOYNSON-HICKS: I am very sorry to have to correct my hon. Friend, who is usually so accurate. It was not in the case of the Moneylenders Bill that I came in to make up a quorum. It was in the case of another Bill dealing with seditious teaching, when I found the hon. Gentleman and his friends hiding in the Lobbies so as not to form a quorum. I then went in to form a quorum, and then the hon. Member and his colleagues trooped in and took part in the discussion.

Mr. DAVIES: Whatever error I may have committed, I have succeeded in my object, which was to get the Home Secretary on to his feet at all, because he has been very silent on this Bill—too silent for my purpose. He is very

eloquent outside the House of Commons and I think we are entitled to have some of that eloquence even on a Bill of this kind. The House has made it clear at any rate that we shall not be troubled, once this Bill becomes an Act, with these circulars any more. That in my view is a very important point indeed, because it was an incentive to some persons to secure money when in fact they should never have borrowed at all, and from that point of view I think this will be a very useful Bill. The hon. and learned Gentleman the Member for South Shields (Mr. Harney), who has taken a very great interest in it, would argue that the moneylending business fell into the ordinary category of commercial transactions. I want to dispute that, and I am very pleased to have the backers of the Measure on my side on that score. I have never regarded money lending as in the same category as selling ordinary commodities. It falls into an entirely different category, and if I had my way the moneylender would not be allowed even to put an advertisement in a newspaper or on a placard. I should put it in the same category as the legal and medical professions. They do not advertise their wares. You never see an advertisement by an hon. and learned Member of this House that he is willing to give you advice at 6s. 8d. a time, and in any case you would not get it at 6s. 8d. even if he advertised it. There have been differences on small details in all Parties but I feel sure that every Member of the House wanted to do something to deal with the evil that arises from moneylending on the scale on which it has been carried on in the past and I want, for what it is worth, to give my blessing to the Bill and I trust it will pass through the other House without any Amendment whatsoever.

Sir HENRY CAUTLEY: I think this is an excellent Bill. My only regret is that the Home Office, either by mistake or by obstinacy, have lessened its efficiency by some 25 per cent. by not accepting an Amendment on Clause 5. Anyone who has practised in the Law Courts and seen the working of moneylenders tactics and the way their business is conducted will know that one of the greatest abuses is the principle they adopt of preventing the borrower knowing the terms of his contract until they have got him bound.

This Amendment would have taken a very powerful step by requiring a copy of the contract to be given him at the time he signed it, so that he should know the terms on which he was borrowing. The Clause provides that he shall have the terms of the contract sent to him seven days after he signs it. What is the good of that? I will not go further into it. I was not able to be here at the time the Amendment was called, but five out of the six names down to it are lawyers who were on the Committee. I would ask the Home Secretary—I did not see much of him in the Committee—to consider this point very carefully and see whether he cannot, in the interest of 25 per cent. of efficiency for this Bill, alter this in another place. From my experience in the Law Courts years ago when I did this sort of work, I can assure him that it is really of vital importance to increase the efficiency of the Bill in this particular and I would ask the Home Office particularly to consider it.

Mr. CRAWFORD: Personally, I think that this Measure is one of the most useful things that Parliament has done. I have been hoping year after year that some measure of this sort would find its way to the Statute Book. Therefore, so far as we on these benches are concerned, like Members below the Gangway, we give our blessing to the Bill, for what it is worth, and offer our congratulations to the promoters for carrying it through. That is quite sincere. I would like to support what has been said by the hon. and learned Gentleman the Member for East Grinstead (Sir H. Cautley). I do not suppose there are many Members of this House who have not from time to time had brought to their notice the consequences of the action of the moneylenders. I know of one case, and so far as I know the conditions are still existing, of a man occupying a responsible position, not in a Government office, but a responsible position in a local authority, who has been, I believe, for nearly 10 years now, living a terrible life, scarcely ever being able to sleep at night. Everything he had has been pledged to pay back a loan borrowed from a moneylender, and, from first to last, he has not really known what are his liabilities. From the beginning he did not know what he was entering into, and for 10 years he has been suffering this kind of

[Mr. Crawford.]

life. Two years ago, when he approached me, I begged him to allow the matter to go to Court, and I said that I would get responsible Members of this House to go to the authority concerned in order to see that no bad consequences followed through the publicity of his affairs. So great was his fear of what might happen to him with regard to his employment and his family that he refused to allow me to take any steps whatever, and he is still in that condition. That man for nearly 10 years, from first to last, has never known what the total sum of his liabilities were. I do not know whether there are legal or technical difficulties in the way, but I hope the right hon. Gentleman the Home Secretary will see whether some such provision as the hon. and learned Member has suggested cannot be inserted in another place.

Sir W. JOYNSON-HICKS: It is very unusual, as it is very pleasant, for me to hear that the Home Secretary's speeches are so popular that it is desired that I should speak this afternoon. This is all the more so when this is said by my political opponents. I should like to say one word with regard to the appeal made to me by my hon. and learned Friend the Member for East Grinstead (Sir H. Cautley). I wonder if he realises why I was not able to attend this Committee. My hon. and learned Friend kept me at another Committee by his persistent and very relevant criticism of a particular Bill of which I was in charge. It is not even possible for a Secretary of State to attend two Committees at the same time. I wish I could. I think the House ought to realise that the Amendment stating that a copy of the contract should be forwarded to the borrower within seven days was part and parcel of a second Amendment inserted in Sub-section (3) of Clause 5. That Amendment inserted in Committee provides that before the actual signature of the borrower is affixed to a document the moneylender has to deliver to the borrower a statement in writing signed by the moneylender saying that the rate per cent. per annum represented by the interest charged calculated according to the provisions of the first Schedule of the Act.

Sir H. CAUTLEY: I did not want to go into the details of the point. That only refers to Sub-section (3) of Clause 5 where the rate of interest is not stated. It does not apply to the whole of the contract. I only ask the right hon Gentleman to reconsider that.

Sir W. JOYNSON-HICKS: That was part and parcel of the kind of compromise arrived at in regard to the matter. I admit that there is something to be said for the point raised by the hon. and learned Member for South Shields (Mr. Harney) and, as some responsibility in the matter rests upon the Home Secretary, I will consider that point between now and the time when the Bill is dealt with in another place.

Mr. CRAWFURD: It is not only a question of the rate of interest. It is a question also that the borrower shall have clearly in black and white before him what will happen if at any time he should be in default.

Sir W. JOYNSON-HICKS: Under the provisions of the Bill, he knows that within seven days. It may be possible to shorten that period of seven days. I will consider the point. I do not think it is necessary for me to go into the details of the Bill, because they have been sufficiently discussed by the hon. Member for Westhoughton (Mr. Rhys Davies) and other hon. Members opposite to prevent the second Bill on the Paper—Seditious and Blasphemous Teaching to Children Bill—being reached this afternoon. That is probably the reason for the great interest that has been displayed in the details of this Bill. I congratulate the hon. Member and his friends opposite on the success of their manoeuvre.

I should like to congratulate all those who have been concerned in the passing of this Bill. It is a Bill which has been required for a great many years. It is a Bill which has been demanded by many anxious fathers whose sons have got into difficulties through moneylenders. It is a Bill which has been demanded by the conscience of the people of this country, and has been promoted by hon. Members in this House, and the two Noble Lords in the other House, Lord Carson and Lord Darling, who are to be congratulated on the interest which they have taken and

the efforts which they have made to get the Bill through. The question was made the subject of a Bill in 1925 and of another Bill in 1926. Subsequently, it was considered by a Committee of this House presided over, I think, by the hon. and gallant Member for Abingdon (Major Glyn), or, at all events, he took a great interest in it. It has come forward this year as a private Member's Bill, piloted by the hon. Member for Duddeston (Mr. Burman). It passed through Committee after a very full investigation, and I think one may safely say that, as it leaves this House, coupled with the Acts of 1900 and 1911, it forms a very real charter of useful legislation which will effect very great improvements in the law relating to moneylenders, and will prevent many of those abuses which have obtained in the past.

I wish to pay a personal tribute of gratitude to my hon. and gallant Friend the Member for South Paddington (Commodore King) for the part which he has played. This has been an exceedingly busy Session for the Home Office. We have had a great number of private Member's Bills, all of which seem to impinge upon the duties of the Home Office. I wish some of my hon. Friends would bring in a Bill relating to foreign affairs, and then I should not have to attend to it. My right hon. Friend the Secretary of State for Foreign Affairs might have to do a little Committee work in that respect. Hon. Members' Bills seem mostly to touch the Home Office. It was impossible for my colleague, the Under-Secretary, or for myself to attend the Committee on this Bill, and my hon. and gallant Friend very kindly undertook the duties of piloting the Bill through Committee, in conjunction with the hon. Members in charge of the Bill. I want to pay him my personal tribute of gratitude for the efforts he has made, the successful work he has put in, and I also wish to congratulate the hon. Member for Duddeston upon the success which has attended his efforts.

Mr. J. BAKER: I, too, wish to congratulate the promoters of the Bill upon their success and their persistence, because I believe they have done a public service. I was a very active member of the Committee, and had a good deal to say in opposition to some of the proposals

in the Bill; so much so that other hon. Members were inclined to think that there were ulterior motives. Now that we have reached the congratulatory stage, I am sorry to have heard the Home Secretary say that we have taken a keen interest in the details of this Bill to-day for some purpose other than that of trying to straighten out the Bill. I assured the Committee, and I assure this House, that I was not influenced by anybody either inside or outside this House. I criticised my own Leader on more than one occasion. I opposed the arguments he put forward because I did not agree with his illustrations and his conclusions. I said from the first that a Bill of this sort was required in order to deal with what has become a public danger. I prefer this Bill to no Bill at all, although I should like to have seen the present Measure deal with some of the cases we put forward. All sorts of motives were imputed to those who served on the Committee upstairs, but I have never served on a Committee which was more like a Committee. No one could forecast, before a Division, which way any particular group of people would vote, and the hon. and gallant Member who was in charge of the Measure must have felt dismayed at times by the number of his own supporters who voted against the proposals he brought forward.

The promoters of the Measure also accepted Amendments which they did not like and, speaking on behalf of my colleagues, we appreciate that consideration. It is true that discussions became rather heated at times and things were said on both sides which it would have been better to have left unsaid, but when we got outside the Committee Room we realised that we had said things which we should not have said. The Committee did its work well, notwithstanding the fact that there were five legal gentlemen on it. We certainly needed help at times. After we had heard the lawyers arguing the proposals of the Bill one wondered what was the real interpretation and effect, and we should have been glad if someone had told us in plain English what it was so that we could understand it. The promoters of the Bill, and the hon. and gallant Member in charge of it, did admit on occasion that it was time they consulted some other person, and at those

[Mr. J. Baker.]

times we should have been pleased to have had the presence of the Home Secretary or the Solicitor-General. Not that they would have been right in their interpretation because we should have stuck to our own point of view, but we should have accepted them as an authority. I am pleased to have been able to serve on the Committee. It required a little courage. If you expressed your own opinions it was easy to incur suspicion, because there are many stories going round the House as to what happened on similar occasions in times past. I think the promoters of the Bill have done good service in bringing it forward, and those who have criticised it have done so believing that they were doing a good service.

Question put, and agreed to.

Bill read the Third time, and passed.

SEDITIONOUS AND BLASPHEMOUS TEACHING TO CHILDREN BILL.

As amended (*in the Standing Committee*), considered.

CLAUSE 1.—(*Offences.*)

Mr. SCURR: I beg to move, in line 8, to leave out the words "or blasphemous."

The Bill after passing the Committee upstairs returned in somewhat different form from that in which it was given a Second Reading by this House and two very important Clauses which gave a definition of seditious and blasphemous matter have been struck out. After all, the Bill is one which deals with any person who teaches seditious or blasphemous matter. There may be an argument advanced for dealing with questions affecting the attitude of persons towards the laws and the Government and the State, and their expressions of opinion may be regarded as seditious and therefore liable to come under those laws. But when it comes to a question of what is blasphemous matter, I find myself absolutely in a quandary as to what exactly we are going to deal with in such a definition. After all, blasphemous matter varies according to the particular theological or religious opinion that a person may hold.

As I remarked upstairs in the course of a Debate in Committee, there has been circulated to Members of the House a letter from a gentleman who is the pastor of a particular chapel and who is objecting very much to a certain action which is proposed to be taken regarding the administration of a trust in regard to his chapel, and he goes on to say that if this Measure, to which he objects, passes, it would mean that the chapel belonging to his particular organisation would be given over to what he describes as the idolatrous and blasphemous teachings of members of the Church of Rome. I have no doubt that that gentleman is perfectly sincere in his opinions, but, on the other hand, those who hold to the Catholic faith would also regard that gentleman as expressing blasphemous opinions. After all, if I happened to be in one end of Belfast, for example, and made an observation regarding His Holiness the Pope, I should be regarded as expressing blasphemy, but, on the other hand, if I expressed certain opinions concerning King William III, of pious memory, at the other end, I should be equally guilty of blasphemous expressions and I should probably produce a riot in that most respectable city of the United Kingdom of Great Britain and Ireland. I do not think that proposals in this Bill ought to encourage anything of that kind.

There has been going on now for a considerable number of years a very large amount of what is termed "Biblical criticisms," which is the result of investigations that have been made and the discoveries of various books and papyri and documents of the past, and this is causing very many different points of view to be taken in regard to certain theological conceptions of the Christian faith. Even a distinguished Bishop of the Church of England itself has actually cast doubts upon the reality of the Virgin Birth, which is, after all, one of the most sacred doctrines of the Christian religion. Is that blasphemy or is it not? If a teacher under this Bill, speaking to a class of children under the age of 16, ventures to put before them some of the discoveries which have been made in regard to Biblical criticism, is he guilty of teaching blasphemous matter? I contend that under the terms of this Bill he would, and I am merely giving an instance where, no matter what one may

say or do, with regard to what is termed blasphemy, he can be brought under the terms of this Bill—

It being Four of the O'clock the Debate stood adjourned.

Debate to be resumed upon Monday next (4th July).

SLAUGHTER OF ANIMALS
(SCOTLAND) BILL.

Bill read a Second time, and committed to a Standing Committee.

The remaining Orders were read, and postponed.

Whereupon Mr. SPEAKER adjourned the House, without Question put, pursuant to Standing Order No. 3.

Adjourned at One Minute after Four o'Clock until Monday next (4th July).

CORRECTION.

In the Daily Part of Thursday, 30th June, in the report of Mr. A. V. Alexander's speech in column 725, in line 30, the word "salaries" should read "position," and in line 31 the word "take" should read "pay." In line 43, the sentence beginning "In regard to the inquiry," should read:

"With regard to the request for an inquiry, the matter, of course, has already been fully examined, and the Report of the Buxton Committee of 1905 and the Royal

Commission of 1919 are largely agreed in principle. The Buxton Committee stated that the private traders had failed to make out any case for a change"

In column 726, in Mr. Alexander's interpolation, the sentence beginning "The profit is taxable profit," should read:

"The question as to whether a profit is a taxable profit does not depend upon the use to which it is put, but upon its source, and the manner in which it is made. The whole of the surplus, whether distributed in discounts or placed to reserve, is the result of the mutual trading of the members."

HOUSE OF COMMONS.

Monday, 4th July, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

Westgate and Birchington Water Bill,
Lords Amendments considered, and agreed to.

St. Catharine's College, Cambridge
(Canonship of Norwich) Bill [*Lords*],

Read the Third time, and passed, without Amendment.

Abersoch Water Bill [*Lords*],
Bedford Corporation Bill [*Lords*],
Coventry Corporation (Boundary Extension) Bill [*Lords*],

Hospital of St. Mary the Virgin (Newcastle-upon-Tyne) Bill [*Lords*],

Salford Corporation Bill [*Lords*],
Sunderland Corporation Bill [*Lords*],

Read a Second time, and committed.

Gravesend, Rosherville, and Northfleet
Tramways (Amendment) Provisional
Order Bill,

Read the Third time, and passed.

POOR LAW RELIEF.

Return ordered,

"showing the number of persons in receipt of Poor Law relief in England and Wales on the night of the 1st day of January, 1927 (in continuation of Parliamentary Paper, No. 134, of Session 1926)."—[*Sir Kingsley Wood.*]

ORAL ANSWERS TO QUESTIONS.

INDIA.

RHONI TEA ESTATE (DISTURBANCE).

3. Mr. KELLY asked the Under-Secretary of State for India whether he can

give any particulars of the disturbances at the Rhoni tea estate, near Kurseong, in May?

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): My Noble Friend has received a report that on the 11th May about 600 out of a total of about 4,500 labourers employed at the Rhoni Tea Garden, near Kurseong, Darjeeling, struck work owing to the new manager of the garden endeavouring to enforce longer hours and to cut down the men's wages for bad work. The strike ended on the 15th May on the intervention of the Sub-Divisional Officer and the Additional Superintendent of Police, Kurseong, at whose instance a compromise was effected and the men's demands in the main conceded.

Mr. KELLY: Is there any report as to whether anyone was injured in these disturbances?

Earl WINTERTON: As far as I know, no one was injured, but, even if there had been, I do not think it would be reported to us; it is purely a matter for the local authority. These were certainly not serious disturbances.

DETENUS, BENGAL.

4. Mr. KELLY asked the Under-Secretary of State for India whether he is aware that Mr. Subodh Kumar Lahiri, a State prisoner who was interned at Sirajganji, was released unconditionally on 27th May on the grounds of ill-health; and whether it is the intention of His Majesty's Government to keep these prisoners interned without trial unless their health gives way?

Earl WINTERTON: My information is that the detenu in question was released, on conditions, on the 23rd May from the restrictions under the Bengal Criminal Law Amendment Act which had required him to remain in his own home. I am not aware of the ground on which the restrictions were removed; but the second part of the question is not a correct statement of the policy in this matter which I have frequently explained.

Mr. KELLY: Will the Noble Lord give consideration to the case of these men and see if it is possible to release them before their health reaches the point of breaking down?

Earl WINTERTON: The hon. Gentleman is well aware that I have dealt with this case on three occasions in Debate, and I must respectfully ask him to put down any further questions, if he wishes to continue the Debate on the subject.

Mr. THURTLÉ: Can the Noble Lord say whether the question of a general release of these prisoners is under consideration?

Earl WINTERTON: I would refer the hon. Gentleman to the speech which I made on the Estimates when the subject was last before us.

ALL-INDIA CENTRAL KHILAFAT COMMITTEE.

5. **Mr. KELLY** asked the Under Secretary of State for India whether any steps are being taken with regard to the resolution of the All-India Central Khilafat Committee sent to the Viceroy, and urging the Government without delay to cause a thorough inquiry to be made by a representative commission of impartial officials and non-officials into the root cause of frequent communal upheavals in every province, and to introduce the necessary legislative measures in the September Session of the Legislative Assembly with a view to eradicating any future chances for riots?

Earl WINTERTON: I have no information as to any such resolution.

BENGAL PILOT SERVICE.

2. **Mr. LEE** (for **Mr. W. BAKER**) asked the Under-Secretary of State for India whether he has received a resolution from the Indian Chamber of Commerce in connection with the Bengal pilot service, submitting that Indians cannot reasonably be expected to seek admission to the Bengal pilot service on equal terms with Europeans when the facilities and opportunities for gaining the required qualifications are being deliberately held back from the Indians, so as to create a permanent bar to their admission to the Bengal pilot service and to a sea career generally; and whether any steps are being taken to meet this protest?

Earl WINTERTON: The answer to the first part of the question is in the negative. The second part does not, therefore, arise, but I may mention that the Government of India propose to open a training ship at Karachi in September.

CALCUTTA "FORWARD" (BURMA).

6. **Mr. CECIL WILSON** (for **Mr. WALLHEAD**) asked the Under-Secretary of State for India whether his attention has been drawn to the prohibition of the introduction of the Calcutta daily newspaper "Forward" into Burma; whether any intimation of the Government's intention in this respect was given to those responsible for the production of the paper before the imposition of the ban; and whether he will make a statement as to the reasons for this action?

Earl WINTERTON: I have seen only Press notices, which suggest that after a warning the paper may have been excluded from Burma. My Noble Friend is expecting further information.

Mr. WARDLAW-MILNE: Can the Noble Lord give the House any indication as to the nature of the warning?

Earl WINTERTON: I think it was based on an article of a very offensive and inaccurate character, charging the Government of hon. Members opposite and His Majesty's Government with having fomented disturbances in China, and containing a very aggressive attack on the Leader of the Opposition.

Mr. THURTLÉ: Is the Noble Lord aware that the article complained of suggested that the military concentration was to take place in Burma instead of as at present?

Earl WINTERTON: Yes, *inter alia*, but it also accused the Government of hon. Members opposite of having fomented disturbances in China by bribing the Cantonese, and referred to the Leader of the Opposition as "a mealy-mouthed Labour leader who has been playing the dirtiest of games." The article contained some most offensive and inaccurate statements, and a letter was written from the Government of Burma to the editor of the paper in question saying that, if his paper continued printing these articles, it would be excluded.

Mr. THURTLÉ: May we take it that the Government of Burma now constitute themselves defenders of the Leader of the Opposition in this country?

Earl WINTERTON: No, but it is concerned to see that lies are not told in newspapers.

Mr. LANSBURY: Can the Noble Lord say whether the editor of this newspaper has been in consultation or correspondence with the Noble Lord who is at the head of the India Office?

Earl WINTERTON: No. But I have had the advantage, or disadvantage, according to the way in which you look at it, of reading the article in question.

KENYA (SOMALIS).

7 and 11. **Mr. E. BROWN** asked the Secretary of State for the Colonies (1) whether he will now make any official statement as to the recent conflict with Somalis in the district of Nyeri, in Kenya Colony; and whether he has now definite information as to the casualties reported to be sustained;

(2) whether his attention has been drawn to the published appeals in Kenya Colony urging the Government to take strong and vigorous measures to remove the Somali from the area in which they have settled to some more distant area, and at the same time to teach the Somali the lesson that the Government must be obeyed; and whether he will see that no such action is taken until the cause of the recent disturbance has been inquired into by an impartial Commission?

The **SECRETARY of STATE** for the **COLONIES (Mr. Amery):** I have received no report from the officer administering the Government of Kenya regarding the incident, nor as to the casualties sustained, but he has been asked by despatch for a full report. I am aware that the Press in Kenya, as in this country, is not backward in offering advice to the Government; but I see no reason to intervene, as it appears from the proceedings in the Legislative Council on the 18th May that full inquiry was being made by the Colonial Government.

Lieut. - Commander KENWORTHY: Does not the right hon. Gentleman think it would be better if he sometimes took the advice of the Press?

Mr. AMERY: I do not know if the hon. and gallant Gentleman, in this case, would take the advice of the Kenya Press.

COLONIES (SCIENTIFIC RESEARCH).

8. **Captain CROOKSHANK** asked the Secretary of State for the Colonies whether any action is being taken towards creating a single Colonial scientific and research service, as recommended in the Report submitted by Lord Lovat and his colleagues to the recent Colonial Office Conference?

Mr. AMERY: As my hon. and gallant Friend will recollect, the Committee of the Colonial Office Conference, over which Lord Lovat presided, while recommending the ultimate creation of a single Colonial research service, recognised that the natural method of growth of such a service was the organisation, in the first instance, of workers in the various fields of science into separate services. I have already appointed a Committee in accordance with the recommendation referred to by my hon. and gallant Friend to formulate practical proposals, for submission to Colonial Governments, to give effect to the resolution of the Colonial Office Conference, on the subject of a Colonial agricultural research service; and it is proposed that the recently appointed Colonial Medical Research Committee should, as one of its first tasks, consider the organisation of a Colonial medical research service. I may also say that steps are now being taken to set up another Committee to inquire into the present condition of the Colonial veterinary services. This Committee will no doubt consider the possibility of establishing a veterinary research service common to all the Colonies, Protectorates, etc. As regards forestry, I proposed to defer consideration of the question of constituting a Colonial forestry research service until after the meeting of the Empire Forestry Conference to be held at Melbourne in 1928.

IRAQ (SHEIKH MAHMUD).

9. **Colonel DAY** asked the Secretary of State for the Colonies whether he will publish the text of the agreement, signed by Sheikh Mahmud, with the Iraq Government; and what is the number of British casualties to the forces engaged in the province of Sulaimani during the last three years?

Mr. AMERY: I am not in possession of the text of the agreement between Sheikh Mahmud and the Iraq Government, nor am I aware whether that Government proposes that it should be published. As regards the second part of the question, there have been two British casualties during the period in question, namely, one officer killed, one officer slightly wounded. A Royal Air Force officer and airman captured owing to a forced landing were subsequently released.

Colonel DAY: In view of the signing of this agreement, is it proposed to reduce the British force in Iraq?

Mr. AMERY: No, Sir. I am not aware that the Sheikh Mammud has in the past been responsible for such a substantial diversion of our forces in Iraq as would now involve any large alteration in our programme, which is, anyhow, one of steady reduction of our military force in that country.

NYASALAND (ISA MACDONALD LAWRENCE).

13. **Mr. CECIL WILSON** asked the Secretary of State for the Colonies whether he has now received a report on the case of Isa MacDonald Lawrence, who was sentenced to three years' hard labour at Blantyre, Nyasaland, in October for taking into Nyasaland copies of the "Workers' Herald," a Johannesburg native paper edited by Clements Kadalie; and whether he has now any statement to make to the House?

Mr. AMERY: I have now received a report from the Governor of Nyasaland and am satisfied that Isa Lawrence was given a fair trial, and that the sentence was not excessive in the light of the evidence. I may add that Lawrence pleaded guilty and that he has entered no appeal against the sentence although he has been offered the necessary facilities.

Mr. WILSON: Is the justice who tried the case still in Nyasaland?

Mr. AMERY: Yes, as far as I am aware.

IMPERIAL COLLEGE OF TROPICAL AGRICULTURE.

14 and 16. **Mr. RAMSDEN** asked the Secretary of State for the Colonies (1) whether work has begun on the hostel required for the students of the Imperial College of Tropical Agriculture;

(2) the number of pupils that have attended the Imperial College of Tropical Agriculture during the past session; and whether a greater number is expected for the next one?

Mr. AMERY: Work on the hostel has begun. There were 42 students during the past academic year. It is not yet possible to say whether this number is likely to be exceeded next year.

Mr. RAMSDEN: When is it expected the hostel will be finished?

Mr. AMERY: We are pushing it on as rapidly as we can, but I could not give the exact date of completion. I hope it will be soon.

Sir FREDRIC WISE: What is the number of the staff?

Mr. AMERY: I have given that in answer to a question on a previous occasion.

AMANI INSTITUTE.

15. **Mr. RAMSDEN** asked the Secretary of State for the Colonies whether the staff of the Amani Institute has now been appointed?

Mr. AMERY: An entomologist and a plant geneticist have recently been selected for appointment to Amani, but the staff will not be completed until the Director, who is now investigating the position in East Africa, submits his final recommendations as to the organisation of the institute.

GOVERNMENT DEPARTMENTS.

MINISTRY OF HEALTH (TEMPORARY WRITING ASSISTANTS).

24. **Mr. E. BROWN** asked the Minister of Health why the director of establishments of his Department informed a deputation from the Association of Ex-Service Civil Servants on 17th March last that he proposed to employ only a very small number of new entrants to

that Department as temporary writing assistants arising out of the work in connection with the Widows', Orphans', and Old Age Contributory Pensions Act when, in fact, he immediately took steps to employ over 100 of such temporary employés while there were ex-service temporary clerks redundant on the pool of the joint substitution board?

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): The statements in the question are not in accordance with the facts of the case. The deputation received on 17th March were informed that it would be necessary, pending the result of the writing assistants' examination, and the assignment of successful candidates, to offer temporary employment to a number of the candidates who had entered for that examination, but no intimation or guarantee was given that the number would be very small. The number to be engaged clearly depended upon the exigencies of the work. No steps were in fact taken to offer employment to any of the candidates until 26th April. I may add that the work for which these officers were required was new, permanent, non-clerical work, appropriate to the writing assistant grade.

Mr. BROWN: How many ex-service men were among those employed?

Sir K. WOOD: I must ask for notice of that question.

DISTRICT AUDITORS.

26. Miss BONDFIELD (for Miss LAWRENCE) asked the Minister of Health whether he will state the procedure by which he exercises his power of appointing district auditors; whether any advertisement is issued for this post or whether recommendations are invited; if so, from whom; and what qualifications are prescribed?

Sir K. WOOD: District auditors are appointed by my right hon. Friend on the recommendation of the Departmental Promotions Board, from among assistant district auditors. Assistant district auditors are recruited either by means of an open competitive examination held by the Civil Service Commissioners or by the selection, in accordance with the usual Promotions Board procedure, of suitable established civil servants already serving in my Department.

Before the appointment is confirmed an assistant district auditor is required to pass an examination in accounts and audit, and in audit law and local government.

Mr. HARRIS: Are we to understand that it is not true to say that any auditors are nominated by the Government?

Sir K. WOOD: No; that is an entirely unfounded statement.

GRAVEYARD, TOOTING GRAVENEY.

25. Colonel DAY asked the Minister of Health whether if his request to the Privy Council for an Order in Council to the effect that burials be discontinued forthwith in the churchyard of the parish church of St. Nicholas, Tooting Graveney, in the metropolitan borough of Wandsworth, has been granted?

Sir K. WOOD: The notice required by Section 2 of the Burial Act, 1852, of the representation which my right hon. Friend has made for an Order in Council and of the time when the representation will be considered by the Privy Council, has been published and will expire on the 8th August.

Colonel DAY: Have any interments taken place in this graveyard since the hon. Gentleman's letter to the authorities on 27th May?

Sir K. WOOD: That is an entirely different matter from the subject of the question, which merely deals with the Order in Council.

Colonel DAY: Yes, but the Ministry wrote to those authorities saying they were applying for an Order in Council, and that in the meantime there were to be no interments. Can he say whether any have taken place?

Sir K. WOOD: That may very well be so, but it has nothing to do with the question on the Paper.

PERSIA (BRITISH RESIDENTS).

27. Lieut.-Commander KENWORTHY asked the Secretary of State for Foreign Affairs how many British subjects, approximately, are resident in Persia?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): I am unable to give even approximate figures.

PALESTINE (MATCH FACTORY, ACRE).

12. Miss BONDFIELD (*for* Miss LAWRENCE) asked the Secretary of State for the Colonies whether he has yet been able to make inquiries with regard to the strike at the match factory at Acre; whether he is aware that on 24th June the pickets, including 13 girls, were beaten by the British police; that they have been arrested and that bail has been refused; and whether he is aware that the owners have attempted to negotiate with the Jewish workpeople on the condition that they shall abandon the interests of the Arabs and, on the Jews refusing, declared that they would dismiss all employes?

Mr. AMERY: I have no knowledge of the circumstances referred to in the question. If the hon. Member will furnish me with any information in her possession, I shall be glad to make inquiries.

EMPIRE SETTLEMENT.

17. Mr. RAMSDEN (*for* Viscount SANDON) asked the Secretary of State for Dominion Affairs whether there is any change of policy on the part of the Victorian Government as to immigration; whether this has any effect on the loan and settlers' ratio agreement of 1924 between Great Britain and Australia or the scheme of 1925; whether the result will be that emigrants for that State will be refused; and, if so, for how long?

Mr. AMERY: I understand that the position at present is that recruiting for the Victorian Government Land Settlement Scheme is suspended, but that other classes of settlers, i.e., persons nominated by friends or relatives in Victoria, experienced farm workers, youths for farm work and women for household service, are being accepted as hitherto. The 1925 Agreement is an agreement between Great Britain and the Commonwealth Government. It is

impossible to say how far that agreement may be affected by any temporary change of policy by an individual State.

18. Mr. RAMSDEN (*for* Viscount SANDON) asked the Secretary of State for Dominion Affairs whether the Overseas Settlement Committee will give any facilities or make any arrangements for the proposed propaganda visit of Scottish settlers in Australia to the United Kingdom next year; and whether he will encourage visits being paid to overpopulated industrial districts where unemployment is severe in England, and to the Clyde rather than to the Highlands, to which visits are contemplated, and where it is highly undesirable that further depopulation should take place?

Mr. AMERY: My attention has been called to Press statements on this subject, but I have received no information from official sources. I am, however, making inquiries through the Development and Migration Commission of the Commonwealth Government.

Mr. MACQUISTEN: Will the right hon. Gentleman ask for a report from these Australians as to the means of transport in the Highlands when they do come there so that they may be able to make some comparison with the means of transport in the back blocks of Australia?

NEWFOUNDLAND (CORNERBROOK TIMBER SALE).

19. Mr. RAMSDEN (*for* Viscount SANDON) asked the Secretary of State for Dominion Affairs whether he is likely to have any further information to report on the subject of the Cornerbrook paper concern?

Mr. AMERY: As my Noble Friend was informed by the Financial Secretary to the Treasury on 28th June, it is not possible to make any statement on this subject while negotiations are still in progress.

VICTORIA GARDENS.

23. Miss BONDFIELD (*for* Miss LAWRENCE) asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether, in view of the

pleasure to the public caused by permitting part of the grass in Victoria Gardens to be used by children, he will consider whether this permission might be extended to the whole of the grass space?

Captain HACKING (for The FIRST COMMISSIONER of WORKS):

Children are at present admitted to the section of grass next to the sand pit, and my Noble Friend is prepared to extend the privilege to the central section during the summer holidays to children only.

Lieut. - Commander KENWORTHY: Could it be extended over September? At present it is only till the end of September. Would that be considered as well, if it is fine in October especially?

Captain HACKING: The reason why it is not extended later than it is is because the grass gets in very bad condition, and unless we disallowed the use of the grass fairly early in the year, it has not a chance of recovering.

Commander WILLIAMS: Surely they do not do very much harm in September?

Captain HACKING: It would not have a chance of growing in October.

COAL MINING INDUSTRY.

OUTPUT.

31. **Mr. LEE** asked the Secretary for Mines whether the output per man-shift in the coal mines is calculated upon the coal-winding time at each colliery or upon the actual time during which work is proceeding at the coal face?

The SECRETARY for MINES (Colonel Lane Fox): The output of coal per man-shift is calculated by dividing the total output of coal by the total number of manshifts actually worked. The length of the shift does not enter into the calculation.

Mr. PALING: Do we understand that in all cases where short time is being worked any time put in is counted for a full shift?

Colonel LANE FOX: A man-shift is the basis of calculation—the total number of man-shifts into the total amount of coal produced.

Mr. LEE: If on any one day a man only works a quarter-day, would that be a full shift or a quarter-day?

Colonel LANE FOX: I think, if the hon. Member wants an answer on that point, he had better put his question down.

EIGHT HOURS ACT.

32. **Mr. LEE** asked the Secretary for Mines whether the Department is receiving any complaints from any part of the British coalfield respecting men being kept at work for longer than the eight hours allowed by the Eight Hours Act?

Colonel LANE FOX: The only complaint that I have received recently is that men working on Sunday night shift at a particular pit in Scotland are returning to work again on Monday afternoon before the expiration of the interval which the law requires.

SOVIET INSTITUTIONS (BRITISH EMPLOYEES).

35. **Captain FOXCROFT** asked the Secretary of State for the Home Department how many British subjects were employed by the Soviet diplomatic Legation, trade delegation, and Arcos, respectively, at the time of the severance of our relations with the Soviet; and how many of these are still thus employed?

The UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking): I am informed that, according to the latest figures available, the numbers of British subjects employed before the severance of diplomatic relations by the Soviet institutions named were: Soviet Legation, 18; Trade Delegation, 27, and Arcos, 224. The Legation and Trade Delegation, having left this country, there are no British subjects employed by them. According to a list furnished by the director of Arcos, the number of British subjects employed by that company on 1st July was 127.

Captain FOXCROFT: Am I right in the supposition that all these British subjects are still in the pay of Arcos and in the employment of the Soviet Government?

Captain HACKING: Those people who are employed by Arcos are still in the pay of Arcos.

Mr. THURTLÉ: Can the hon. and gallant Member say whether the Government are taking steps to find employment for those British subjects who have been displaced as a result of the action of the Government?

Captain HACKING: No. Although we regret the unemployment, still, there are things to be put on the other side of the balance-sheet which more than compensate it.

BETTING DUTY (TOTALISATOR).

39. **Colonel DAY** asked the Chancellor of the Exchequer whether any applications have been made to him for the purpose of installing the totalisator machines on racecourses; and whether he is considering the approval of such applications?

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): The answer to the first part of the question is in the negative. I understand that the totalisator could not be installed on racecourses without an amendment of the Betting Laws. The second part does not, therefore, arise.

Colonel DAY: Can the right hon. Gentleman say whether his Department have been making any tests with regard to the totalisator at all, or whether his representatives have been examining into it?

Mr. McNEILL: No, I cannot say that.

GOLD (LEGAL TENDER).

40. **Sir F. WISE** asked the Chancellor of the Exchequer the rates of gold to legal tender on the 31st March, 1914, and on the 31st March, 1927?

Mr. McNEILL: Apart from any gold coin that there may be in the hands of the public, the ratio of gold to the legal tender money (notes and coin) in active circulation on the 31st March, 1927, is estimated at 34·5 per cent. No estimate is available for 31st March, 1914, but the ratio at that date probably did not differ materially from that at 30th June, 1914, when it is estimated to have been 86·5 per cent.

TRADE FACILITIES ACT (NEWFOUNDLAND PAPER AND PULP COMPANY).

41. **Sir F. WISE** asked the Chancellor of the Exchequer if the interest has been paid on the loan of £2,000,000 Newfoundland Paper and Pulp Company, guaranteed under the Trade Facilities Act, without the assistance of the Treasury?

Mr. McNEILL: Up to date, the interest on the £2 million A debentures of this company, which were guaranteed by His Majesty's Government under the Trade Facilities Act, has been duly paid by the company, without any charge on the Treasury.

TRANSPORT (PASSENGER TRAFFIC, GREATER LONDON).

44. **Sir F. WISE** asked the Minister of Transport if he has anything to report of the co-ordination of the local passenger traffic of Greater London?

The MINISTER of TRANSPORT (Colonel Ashley): I have nothing to add to the reply given by me on the 14th June last to the hon. Member for North Tottenham (Mr. R. Morrison), a copy of which I am sending to my hon. Friend.

Sir F. WISE: Can the right hon. Gentleman say when he is likely to have some information to give?

Colonel ASHLEY: I am afraid I could not say.

ROYAL AIR FORCE (DISPLAY, HENDON).

The following question stood upon the Order Paper in the name of **LIEUT.-COMMANDER KENWORTHY:**

To ask the Secretary of State for Air if he is aware that the posters illustrating mimic warfare at the Hendon Royal Air Force display show the bombing of a village which, as the minaret and mosque clearly indicate, is a Moslem village; and whether in future care will be taken to avoid the use of obviously Moslem buildings for air attack in such displays, in order to avoid the risk of offending our Moslem fellow subjects?

Lieut.-Commander KENWORTHY: In putting this question, may I point out that there is an inaccuracy in the last

part of which I was not aware when I put down the question, but the first part is perfectly accurate.

The UNDER-SECRETARY of STATE for AIR (Sir Philip Sassoon): I have seen the poster referred to, and I suggest to the hon. and gallant Member that he is taking the designer's fanciful effort altogether too seriously.

Lieut. - Commander KENWORTHY: Would it not be possible to have a poster which did not contain religious buildings at all, so as to offend nobody's susceptibilities? As the hon. Baronet knows the East, is he not aware that only Moslem villages have buildings of the type depicted?

Mr. HERBERT WILLIAMS: Would the Noble Baronet arrange next year to have a poster illustrating the bombing of the hon. and gallant Member for Central Hull (Lieut.-Commander Kenworthy)?

Sir P. SASSOON: I presume the hon. and gallant Member has seen the poster. I must say the impression made on my mind was that it was more like a western lighthouse than an eastern minaret.

Mr. THURTL: Is the hon. Member aware that at the demonstration on Saturday, while the natives were properly bombed in accordance with Christian practice, the building itself was left intact?

Colonel DAY: Can the hon. Baronet say how many of these posters were issued?

Sir P. SASSOON: I am afraid I could not say that.

PARISH COUNCIL ELECTIONS.

36. Mr. RENNIE SMITH asked the Secretary of State for the Home Department whether he is now in a position to report on a scheme to alter the present system of voting at the election of parish councillors which has been submitted by the County Councils Association; and if, in view of the many complaints to which the present method gives rise, he can inform the House whether it is proposed to take an early opportunity of amending the existing practice?

Captain HACKING: No decision has been reached upon the scheme referred

to. The whole question will be carefully considered, but I may add that the number of complaints which have reached the Home Office as to the working of the present system is inconsiderable.

STANDING COMMITTEE (CHAIRMAN).

48. Mr. ARTHUR GREENWOOD asked the Prime Minister whether he proposes to provide facilities at an early date for the Motion standing in the name of the hon. Member for Nelson and Colne, Standing Committee (Chairman)?

The CHANCELLOR of the EXCHEQUER (Mr. Churchill): No, Sir.

Mr. GREENWOOD: Is the right hon. Gentleman aware that since this Motion was put on the Order Paper there have been further irregularities in this Committee, and does he not think it is a little unfortunate that this Motion should be allowed to stand on the Order Paper indefinitely?

Mr. CHURCHILL: I have had no information of any definite character given to me, though I understand there has been a certain amount of friction. Of course, it is inconvenient that this Motion should stand on the Order Paper indefinitely, but it is also extremely inconvenient to find a day for its discussion. It would be a great pity that the hon. Member should leave a Motion of this kind on the Paper.

Lieut. - Commander KENWORTHY: As one who is not in any way concerned with the matter directly, may I ask you, Sir, how we can raise questions affecting Chairmen of Committees? What is the machinery for doing it?

Mr. SPEAKER: The ordinary method is by tabling a Motion, but it would be very unfortunate if the House were to make a practice of discussing the way in which Chairmen upstairs carry out their difficult duties.

PERSONAL EXPLANATION.

Mr. A. V. ALEXANDER: With your permission, Mr. Speaker, I wish to ask the indulgence of the House to make a very short personal explanation of a matter connected with the OFFICIAL REPORT of the Debates.

[Mr. Alexander.]

In reply to the Chancellor of the Exchequer on Thursday last, I made one or two references to the co-operative society position, and, unfortunately, the Report is inaccurate. In column 725 of the OFFICIAL REPORT it states:

"if you take the salaries to-day, we take far more under Schedule A than is estimated."

What I actually said was:

"If you take the position to-day, we pay far more under Schedule A."

Another point is that I am reported as saying:

"In regard to the inquiry, the Taxation Committee of 1905 and the Royal Commission of 1919 said that private traders had made their case."

Whereas what I actually said was:

"The report of the Buxton Committee of 1905 and the Royal Commission of 1919 are largely agreed in principle. The Buxton Committee stated that the private traders had failed to make out any case for a change."

The other point is that I am reported in column 726 as saying:

"The profit is taxable profit."

What I said was:

"The question as to whether a profit is a taxable profit does not depend upon the use to which it is put, but upon its source, and the manner in which it is made."

I apologise to the House for raising this matter. It is only because this question is followed so widely in the trade Press, who take their information from the daily OFFICIAL REPORT of the Debates, and I did not wish them to be under a misapprehension.

SELECTION (STANDING COMMITTEES).

STANDING COMMITTEE A.

Mr. WILLIAM NICHOLSON reported from the Committee of Selection; That they had discharged the following Member from Standing Committee A: Major MacAndrew; and had appointed in substitution: Major Elliot.

Report to lie upon the Table.

WRITTEN ANSWERS.

NATIONAL SAVINGS CERTIFICATES.

Colonel DAY asked the Financial Secretary to the Treasury the amount of savings certificates sold to the last convenient date?

Mr. McNEILL: The gross sales to 31st May were £636,114,953. The net capital amount actually outstanding on that date was £370,267,591.

GOVERNMENT DEPARTMENTS.

MINISTRY OF HEALTH (OVERTIME).

Mr. E. BROWN asked the Financial Secretary to the Treasury the number of hours of overtime worked in the Ministry of Health since the 16th May, 1927?

Sir K. WOOD: I have been asked to reply. The number of hours of overtime worked in my Department from 16th May to 22nd June amounted to 1,971, of which 1,174 hours were worked by the messenger staff, and 474 in provincial offices. My right hon. Friend is taking steps to strengthen the messenger staff.

TYPISTS.

Mr. HAYES asked the Secretary of State for Foreign Affairs, what is the number of temporary staff employed by his Department in England as Grades I and II shorthand typists and Grades I and II copying typists, respectively; whether any of the staff concerned use any foreign language; whether any allowance is paid for this; and what is the average length of service of those concerned?

Mr. LOCKER - LAMPSON: The numbers are as follow:

Ten shorthand typists, Grades I and II. Average length of service, 11½ months.

Twenty copying typists, Grades I and II. Average length of service, 4 years 10 months.

The shorthand typists are required to have a knowledge of French, but this is not required in the case of copying typists.

No language allowances are paid to temporary shorthand typists or copying typists.

Mr. HAYES asked the Secretary of State for the Colonies what is the number of Grades I and II shorthand typists and Grades I and II copying typists, respectively, employed by his Department; and what is the average length of service of those concerned?

Mr. AMERY: The following are the particulars requested:

Shorthand-typists—Grade I (including three secretary shorthand-typists) ... 11
Shorthand-typists—Grade II ... Nil.
Average length of service four years.
Copying-typists—Grade I ... 21
Copying-typists—Grade II ... 1
Average length of service five years.

The above staff is common to the Colonial Office and that part of the Dominions Office which is housed in the same building.

Sir W. de FRECE asked the Secretary of State for Dominion Affairs what is the number of the temporary staff employed as Grades I and II shorthand-typists and Grades I and II copying-typists, respectively, in the Dominions Office, Empire Marketing Board, and Overseas Settlement Office, respectively; and what is the average length of service of those concerned?

Mr. AMERY: As regards the Dominions Office headquarters, the shorthand and typing staff are common to the Dominions Office and the Colonial Office, the figures being as follows:

Shorthand-typists—Grade I (including three secretary shorthand-typists) ... 11
Shorthand-typists—Grade II ... Nil.

Average length of service four years.
Copying-typists—Grade I ... 21
Copying-typists—Grade II ... 1
Average length of service five years.

Old Queen Street Branch:

Shorthand-typists—Grade I ... 1
Shorthand-typists—Grade II ... Nil.
Copying-typists—Grade I ... Nil.
Copying-typists—Grade II ... Nil.
Length of service five years.

Pensions Appeal Tribunal, Dublin:

Shorthand-typists—Grade I ... 1
Other grades ... Nil.
Length of service five years.

Empire Marketing Board:

Shorthand-typists—Grade I ... 3
Shorthand-typists—Grade II ... 2
Average length of service 10 months.
Copying-typists—Grade I ... 2
Copying-typists—Grade II ... 2
Average length of service two years.

Oversea Settlement Department:

Shorthand-typists—Grade I ... 1
Shorthand-typists—Grade II ... 2
Average length of service six years.
Copying-typists—Grade I ... 1
Copying-typists—Grade II ... 3
Average length of service five years.

Mr. VIANI asked the Home Secretary what is the number of temporary staff employed as Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists, respectively, in each of the following Departments under his control: General Staff (Headquarters); Irish Business Liquidation; London and Provincial Factory Inspectors' Offices, respectively; Anthrax Disinfecting Station; and Prison Commission for England and Wales?

Sir W. JOYNSON-HICKS: The figures asked for are as follow:

	Grade I Shorthand- typists.	Grade II Shorthand- typists.	Grade I Copying- typists.	Grade II Copying- typists.
General Staff (Headquarters) including Factory Inspectorate at the Home Office.	6	1	13	1
Irish Liquidation Business ...	3	—	2	—
London Factory Inspectors' Offices (other than Headquarter Staff at the Home Office).	1	—	—	1
Provincial Factory Inspectors' Offices ...	1	1	2	2
Anthrax Disinfecting Station ...	—	—	—	—
Prison Commission for England and Wales ...	—	1	1	—

COUNTY COURT OFFICES (CLERK-TYPISTS).

Mr. DUCKWORTH asked the Financial Secretary to the Treasury what is the number of Grades 1 and 2 clerk-typists, respectively, employed in the County Court offices?

The ATTORNEY-GENERAL: I have been asked to reply. The number of established clerk-typists employed in County Court offices is 44, and the number of temporary clerk-typists, 15. Neither of these classes is sub-divided into Grades I and II.

CHIMNEY STACK, HOMERTON.

Captain GARRO-JONES asked the Home Secretary whether his attention has been drawn to the imminent danger of collapse of a chimney stack in the Homerton district, which is split to the extent of 100 feet of its length; and whether he is satisfied that adequate measures have been taken to ensure the safety of the public in the immediate vicinity?

Captain HACKING: Yes, Sir. I am advised that all necessary precautions have been taken to prevent danger either to the public or to persons employed on the factory premises. The stack is being demolished, and I am informed that the upper half was successfully taken down yesterday.

DANGEROUS DRUGS (ILLICIT IMPORTATION).

Sir R. THOMAS asked the Home Secretary whether the illicit importation of drugs into this country has increased since the War; from what countries they are principally introduced; and whether there have been any recent arrests for this offence?

Sir W. JOYNSON-HICKS: No, Sir. While it is not possible to speak positively in a matter of this kind, all our experience goes to show that the illicit importation of dangerous drugs has diminished since the passing of the Dangerous Drugs Act, 1920. No arrest of any importance has been made this year. I shall be happy to send the hon. Member—as soon as it is available—a copy of the Report made by His Majesty's Govern-

ment to the League of Nations on the control of the drug traffic in respect of 1926, which contains a table giving particulars of all cases during the year in which seizures were made.

SOLICITATION LAWS.

Colonel DAY asked the Home Secretary whether he can now give the names of the members who have been appointed on the Committee of Inquiry on the Solicitation Laws; and what will be the terms of reference?

Captain HACKING: I would refer to the reply which I gave to a question on Wednesday last by the hon. Member for the Sutton Division of Plymouth (Viscountess Astor).

MILK REGULATIONS (HOLLAND AND DENMARK).

Mr. EVERARD asked the Minister of Agriculture whether he has particulars of the Orders and Regulations under which the milk supply is governed in Holland and Denmark; and how these Regulations compare with those in operation in this country?

Sir K. WOOD: I would refer to the answer given to the hon. Member for Stone (Mr. Lamb) on the 12th May. My right hon. Friend is making more detailed inquiries into the scope of the Regulations in force in the countries to which my hon. Friend refers.

FOOT-AND-MOUTH DISEASE.

Mr. HURD asked the Minister of Agriculture if his attention has been called to a Resolution adopted by the Bath and West of England Society urging the retention of the feet of pigs on the sides of bacon imported into this country, so that it may be possible to detect lesions of foot-and-mouth disease and ascertain whether or not the animals have had that disease; and what steps he proposes to take?

Mr. GUINNESS: My attention has not been called to the Resolution referred to in the question. I am afraid that the retention of the feet of pigs on sides of bacon imported into this country would not help meat inspectors to determine

whether or not the carcasses had come from animals which were affected with foot-and-mouth disease.

question on Thursday last, and which appears in the OFFICIAL REPORT of that date.

NAVAL AND MILITARY PENSIONS AND GRANTS (Mr. W. PRITCHARD).

Mr. W. THORNE asked the Minister of Pensions if he is aware that Mr. W. Pritchard, of 136, New Barn Street, Canning Town, E.16, was discharged from the Army on the 1st April, 1916, through deafness caused by the War; that his pension is reduced to 8d. per day; that in 1910 he completed 16 years military service, six of which were spent abroad in various campaigns and eight years in the Army Reserve; that he volunteered for active service in 1914 and was accepted; and that he served in campaigns in the South African War and was in the attack upon Pieters Hill and at the siege of Ladysmith; and if he will consider whether the man's pension can be increased?

Lieut.-Colonel STANLEY: The deafness which led to Mr. Pritchard's discharge from the Army in 1916 was held to be neither attributable to nor aggravated by service in the Great War, and this finding was upheld, on appeal, by the Pensions Appeal Tribunal, whose decision is final. He is, consequently, not eligible for any award of disablement pension under the Ministry Warrants. As, however, his total service with the Colours and Army Reserve amounted to over 14 years and he was finally discharged on medical grounds, he was entitled to a pension of 8d. a day for life under Article 1163 of the Royal Warrant of 1914, but there is no authority under which this can be increased.

HOUSE OF LORDS.

Sir F. HALL asked the Prime Minister if he will arrange for the issue as a White Paper of a comparison of the outline proposals of the Government for the reconstitution of the House of Lords and the proposals with this object in view which were formulated in 1921 by the Government then responsible?

Mr. CHURCHILL: I would refer my hon. and gallant Friend to the reply which the Prime Minister gave to this

COAL MINING INDUSTRY (MERTHYR TYDVIL).

Mr. WALLHEAD asked the Prime Minister whether, in view of the industrial conditions prevailing in the borough of Merthyr Tydvil, caused through the closing down of collieries, he proposes to take any action in order to meet the necessities of the case?

Colonel LANE FOX: I have been asked to reply. I would refer the hon. Member to the reply which I gave on 23rd June to a similar question by the hon. Member for Houghton-le-Spring (Mr. R. Richardson).

AGRICULTURE (INQUIRY).

Mr. DIXEY asked the Prime Minister whether, in view of the desire in the country that the position of the agricultural industry should be considered by the Government owing to the seriousness of the depression in the industry, he will consider setting up a Commission forthwith to inquire into the position of the industry?

The PRIME MINISTER: I have nothing to add to the reply which I gave to an almost identical question addressed to me by my hon. Friend on the 28th June.

ELECTRICITY SUPPLY (HIGH-TENSION CABLE).

Colonel DAY asked the Minister of Health if he has received any information of any municipalities that have decided to purchase high-tension cable from abroad during the next 12 months?

Colonel ASHLEY: I have been asked to reply. Neither the Ministry of Transport nor the Electricity Commissioners have received any such information.

TRANSPORT.

RAILWAY ACCIDENT, WIMBLEDON.

Colonel DAY asked the Minister of Transport when it is intended to hold an

inquiry on the accident which happened to two electric trains on the District Railway, outside Wimbledon station, on Monday, 27th June, in which several persons were injured; and whether the Report will be published?

Colonel ASHLEY: I have ordered an Inquiry into the causes of this accident, which will be held on Monday next. The Report of the Inquiry will be published in due course.

TOLL-GATE, CARDIFF AND PENARTH.

Captain A. EVANS asked the Minister of Transport if his Department has received at any time any proposal from the local authorities concerned for the abolition of the toll-gate between Cardiff and Penarth?

Colonel ASHLEY: Up to the present none of the local authorities concerned has put before me any proposal for the abolition of the toll-gate on the road between Cardiff and Penarth.

KABUL (BRITISH MISSION).

Sir A. KNOX asked the Secretary of State for Foreign Affairs of what officials the British mission to Kabul consists; and whether it includes a commercial attaché?

Mr. LOCKER-LAMPSON: The permanent staff of His Majesty's Legation at Kabul consists of a Minister, a Counsellor, a Secretary, an Oriental Secretary, a Military Attaché and a physician. There is no commercial attaché serving with this mission, but His Majesty's Minister maintains close relations with the Senior Trade Commissioner for India in all matters pertaining to Afghan trade.

CONCRETE SHELTERS (GERMANY).

Sir F. HALL asked the Secretary of State for Foreign Affairs whether the Government propose to take advantage of the invitation which has been conveyed by the German authorities to the military experts of the Powers, formerly represented on the Inter-Allied Military Commission of Control, to inspect the work of demolition of the concrete shelters in the eastern fortresses of Germany; whether this invitation has been referred by the experts of the Governments of the interested Powers; and will he arrange

for the Report of the results of any inspection that may take place to be circulated to the House as soon as it has been received?

Mr. LOCKER-LAMPSON: The answer to this question, which was originally put down by the hon. and gallant Member for the 30th June, may be read in columns 586-7 of the OFFICIAL REPORT for that date. I have nothing at present to add to that statement.

INDIA.

BURMA OIL COMPANY.

Mr. J. HUDSON asked the Under-Secretary of State for India whether his attention has been drawn to the Report of the Chief Presidency Magistrate at Madras in connection with the shooting incident during the recent strike against the Burma Oil Company; and whether Messrs. Scott and Farmer, officials of the Burma Oil Company, have been sent for trial (under Section 324 I.P.O.) on a charge of causing hurt with a dangerous weapon, as recommended by the Chief Presidency Magistrate in his Report?

Earl WINTERTON: I have not yet seen the report referred to, but I have ascertained that Messrs. Scott and Farmer have been charged and are now under trial.

INDIA HOUSE, LONDON.

Colonel DAY asked the Under-Secretary of State for India whether he can now state when it is proposed to begin work on the new India House in London?

Earl WINTERTON: I have nothing to add to the reply given on the 9th May to the hon. Member for Rochdale (Mr. Kelly).

MEDICAL SERVICE.

Sir R. LUCE asked the Under-Secretary of State for India how many European and how many Indian medical officers, respectively, have entered and retired from the Indian Medical Service in each of the years 1923, 1924, 1925, 1926 and 1927; what is the total number of each category now serving; and what is the proportion of Europeans to Indians that is considered requisite for the satisfactory working of the service in the military and civil branches, respectively?

Earl WINTERTON: The table below shows the recruitment of, and casualties among, permanent officers of the Indian Medical Service during the years 1923-27.

Year.	Recruitment.		Casualties from all Causes, i.e., Retirements on Pension, Deaths, Removals, and Resignations.	
	European.	Indian.	European.	Indian.
1923 ...	17	—	41	4
1924 ...	21	—	17	1
1925 ...	11	10	31	1
1926 ...	12	3	29	3
1927 ...	12	2	16	1
to date.				

According to the latest Army List, there are now 489 British and 158 Indian officers holding permanent commissions in the Indian Medical Service.

The ratio of approximately one Indian to two European officers has been accepted for both the civil and the military sides of the Indian Medical Service.

KENYA (ALIENATED LANDS).

Mr. RENNIE SMITH asked the Secretary of State for the Colonies the total acreage of land alienated to Europeans in Kenya and the total in occupation; and what amount of land is still available for alienation to Europeans?

Mr. AMERY: I am unable to give exact areas, and the following figures, which relate to surveyed land only, must be taken as approximate:

Alienated.—6,000,000 acres.

Under occupation.—4,750,000 acres.

Remaining available for alienation.—1,500,000 acres.

ORDERS OF THE DAY.

FINANCE BILL.

Further considered in Committee
[*Progress, 30th June.*]

[Mr. JAMES HOPE in the Chair.]

CLAUSE 29.—(*Amendment of 12 and 13
Geo. 5, c. 17, sec. 21.*)

Mr. DENNIS HERBERT: I beg to move, in page 15, line 38, to leave out Sub-section (1).

If you will allow it, Sir, I think it would be for the general convenience of the Committee that we should take a short preliminary general discussion on this Amendment. It might lead to a saving of time on other Amendments.

The CHAIRMAN: A general discussion on Clause 29?

Mr. HERBERT: Yes. I am moving this Amendment formally for the purpose of raising a general discussion. I would like to indicate those Amendments which some of us are particularly anxious to see accepted, and which we hope the Chancellor of the Exchequer will see his way to accept. It may be useful to consider how the Clause will stand if those Amendments are carried. I take no responsibility for any one else in what I say here, and no one else is in any way pledged to the views which I may express. I desire to say at the outset that the Chancellor has met some of us with the greatest sympathy and consideration, and obviously with the most genuine endeavour to try to meet the alarm which was caused in business circles by this particular Clause. For my part, if the Clause is amended as proposed by the Chancellor of the Exchequer, with certain further Amendments which I hope I have rightly understood from him he will be prepared to accept, then I shall be prepared to support the passing of this Clause; but, in saying that, I want to make it quite clear why I do so.

The Committee should remember that we already have had in operation, ever since 1922, Clause 21 of the Finance Act of that year, which establishes the scheme for, if I may say so, catching the man who tries unfairly to avoid Super-tax by

means of limited companies. The scheme of the Act of 1922, I said at the time, and I say now, is to my mind objectionable. It has turned out to be ineffective, and I think it will be made very little more effective by the present Clause—and the present Clause is included to extend the operations of that Clause. But the Committee must also remember that, under Clause 34 of this Bill, this particular Clause 29 is not to come into operation until after next year's Finance Act has been passed. Therefore, it is the hope of some of us, who have already given considerable attention to the subject, that within that time we shall be able to place before the Government suggestions for a scheme that is totally different from that of Clause 21 of the Act of 1922; and, from my conversations with the Chancellor of the Exchequer, I understand that he will be prepared to accept the suggestion, and I hope he will make a statement on some such lines as this, that if, before next year's Finance Bill is brought in, proposals are submitted which, in the opinion of the Government and its advisers, are not less effective than Section 21 of the Act of 1922 and Clause 29 of this year's Finance Bill for the purpose of stopping the avoidance of Super-tax through the medium of limited companies, and which are more acceptable to the business community, then the Government, if the present Government is still in office, will incorporate those proposals in the Finance Bill of next year in place of Section 21 of the Act of 1922 and Clause 29 of this year's Finance Bill.

I understand that something of that sort is at any rate assented to by the Chancellor of the Exchequer, and I specially invite him, in the course of this Debate, to make a statement to that effect, because it will do a very great deal to allay the alarm which has been felt in business circles, and which must inevitably have an evil effect upon the business of this country. That is a point on which, perhaps, we may be able to say a little more when we come to the question that Clause 29 stand part of the Bill, and, therefore, I will not say anything at the moment about it, except this, that it is quite clear, from facts which are within my own knowledge, that a certain amount of harm to business, a certain stoppage or withdrawal of business, has already taken place by reason

of the fear which has resulted from this proposal. As I have already said, my own view is that, with the Amendments which stand on the Paper in the name of the Chancellor of the Exchequer, and with other Amendments which I hope he will accept, the position will be, at any rate, no worse than it was under the Act of 1922, and will in one respect be definitely better than it was under that Act, because every company which comes within this legislation will have the benefit of the Chancellor of the Exchequer's second Amendment, which gives a kind of preliminary reference to the Board of Referees, and will enable the Board of Referees at once to stop all further proceedings if they come to the conclusion that there is no *prima facie* case of tax-dodging, if I may use that expression—it is an expression which has been used very much in this connection, and, perhaps, it will be useful to use it here.

We realise that the Chancellor of the Exchequer has a very strong case indeed for endeavouring to stop that tax-dodging by very rich men which, although it is within the law, and is, therefore, quite permissible as long as they can do it, is not quite according to the rules of cricket, and has the effect of casting an additional burden upon the other taxpayers of this country. If we recognise that, it stands to reason that we must have some sympathy with the Chancellor's efforts, and, provided that his proposals are not calculated to do more damage to industry than is already the result of the Act of 1922, then I think we should support them, for I consider that no other choice is open to us. It may, perhaps, be convenient at this stage to see what Amendments are likely to be accepted, and what will be the general effect of the Clause if those Amendments are accepted, when Members are beginning to make up their minds whether they will support the Clause in that amended form, which I propose to do, or whether they will still think it is necessary for them to vote against it.

Of course, the most important Amendments are those, three in number, put down by the Chancellor of the Exchequer—[HON. MEMBERS: "No!"]—I speak with all respect to hon. Members, and I am sorry I put it in a manner which was not agreeable to them. I will put it in a different way. There are two

extremely important Amendments in the name of the Chancellor of the Exchequer—three, in fact, but two of them must be taken together as one. Those Amendments undoubtedly contain a very great concession. The first of them is the one which excludes from the purview of this legislation subsidiary companies or companies in which the public is substantially interested. It proceeds, of course, to define what is meant by subsidiary companies and companies in which the public is substantially interested, but that is not a matter for discussion now; we shall come to it when we come to that Amendment. The Chancellor's second Amendment is the one to which I referred a little earlier as giving a certain advantage to the honest company which it has not got at present under the Act of 1922. That is the Amendment to add at the end of the Clause a new Sub-section providing, in substitution for paragraph (5) of the First Schedule to the Act of 1922, that directly any step is taken under the Act of 1922—a step indicating that the company is suspect—then the directors of that company may make a statutory declaration on the lines set out in the Amendment, that that, with the reply by the Inland Revenue Department, may be referred to the Board of Referees, and that, if they consider that no *prima facie* case is established, the whole proceedings shall stop at once. Again, I do not, of course, want to discuss that Amendment now, but merely to indicate what the effect of it generally is.

There are also other Amendments on the Paper, many of which are, if I may say so, rather on points of detail, and deal, perhaps, with slight points which have been overlooked in the drafting of the Clause or of the Government's Amendments. One of those is of very considerable importance. It was only put down very late. It proposes to leave out the words "not as" and to insert the words "may be regarded as not." I hope the Chancellor will indicate whether he is prepared to accept that Amendment because if he does, we shall understand what the Clause means, but as it reads at present, it is quite impossible for anyone to arrive at what was the real intention of the drafting in that part of the Clause. There are two Amendments down to the Chancellor's first Amendment in the name of myself and another

[Mr. Herbert.]

hon. Member which I understand the right hon. Gentleman is prepared to accept, and then I want to refer to one which deals with this situation. A large number of companies distribute either under profit sharing schemes or otherwise, a large part of their annual profits among their employes. It is obvious that it would never be the intention of the Government to interfere with arrangements of that sort and to say that profits used in that way were unfairly withheld from distribution among the shareholders.

Mr. WALLHEAD: By a large part do you mean the major part?

Mr. HERBERT: It does not matter in the least what part it is. If the hon. Member takes an interest in it, the amount distributed among the employes should not be regarded as being improperly withheld for tax dodging purposes. There are certain other Amendments with which I gather the Chancellor is in sympathy, and I hope he will accept them in principle. They provide that the Board of Referees which deals with these cases shall be so constituted that in every case that comes before it there shall be a member or members of the tribunal who are experienced in and familiar with the business carried on by the particular company. These are very reasonable, and I hope they will be accepted.

There is another group of Amendments which may be described as intended to do away with what has been suggested as the penal effect of this Clause and of the Section of the Act of 1922. What happens where a company is, if I may use the expression, convicted of tax dodging, where it is decided that it has unreasonably withheld profits from distribution? Then, according to the scheme of this legislation, the man or men, or women, who control the company and use it for purposes of tax dodging are put in the same position as if the company had never been formed. If the Chancellor refuses, as I understand he will, to accept those Amendments, he has a very good case for doing so subject to this, that under the Clause as it may turn out to be in its final shape, there is no appreciable danger of any honest trading concern, which has no idea of tax dodging, being brought within the operation of the Section.

Sir ROBERT HORNE: There is none.

Mr. HERBERT: The Chancellor of the Exchequer is only justified in tearing off the cloak of the company from the particular taxpayer provided this legislation does not affect in practice the honest trading company. That will be discussed later on. It depends what Amendments are carried and what are not. But this raises the question of the objectionable nature of the whole of this scheme under the Act of 1922. There again it is obviously the duty of the Government—it is the duty of Parliament, as well as the duty of business men who are affected by it—to set their brains to work at once, and not to wait until the next Finance Bill, to find a way of legislating against the offending taxpayer in such a way that it does not interfere with the honest trading company, and I have every reason to believe—I hope I am not too optimistic—that that is not impracticable. Certain schemes to that end have already been roughly thought out and will, I hope, be further developed very soon. Here in this Finance Bill we are troubled with the fact that we have already got Section 21 of the Finance Act, 1922, on the Statute Book, and presumably we cannot expect to repeal that now, and unless and until we can repeal it, it is our duty to try to stop the loopholes under that Section, provided we can do it without making things worse for the honest trading company than they are at present. Whether we are doing that or not may be a matter on which there will be difference of opinion. It is undoubted that if this Clause passes it will bring companies under the operation of the Act of 1922, which do not come under it at present. But those companies, and also those already under the Act of 1922, now get what I consider to be a very strong and useful defence in the Chancellor's second Amendment, which enables the preliminary reference to be made to the Board of Referees.

I do not think at this stage it would be proper to go more into detail into any of the Amendments on the Paper, which will be dealt with in due course, but, if the right hon. Gentleman will indicate those Amendments he is ready to accept, and perhaps some others that he is prepared to accept in principle, it will obviously tend to simplify and

shorten our discussion on the Clause as a whole, and I hope, besides doing that, he will make a declaration as to what the Government will have to do between now and the next Finance Bill in order to allay anxiety. In regard to that, business people themselves are not altogether free from blame for the position that has arisen. The time when they ought to have taken up this question was when the 1922 Act was before the House as the Finance Bill of that year, but they did not think it necessary to interfere in the matter or to assist the efforts of old friends. Even this year, after the Finance Bill was printed, it took a very long time to get any of them to realise what was the effect of this Clause. When the effect was realised, they saw that it undoubtedly had done harm. Cases have actually occurred, and have been brought to my notice, where orders for shipbuilding have been cancelled. The Chancellor of the Exchequer knows, of course, that there are large numbers of private companies which would come within this legislation which own steamships or ships of some kind or other, and that it is the invariable and the only reasonable business practice that the whole of the profits resulting from the building of those ships should be set aside until the greater part of the cost of them has been provided for. I hope that these companies will be properly protected when this Clause is carried through.

I take another case where I was personally approached only a few days ago by a man concerned in the intended registration in this country of a company with a capital of several millions, intending to do all their finance in this country, build most of their factories in this country, and thus do a very great deal for employment and for the revenue. When they heard of this Clause, they practically decided to go to another country. *[Interruption.]* Perhaps hon. Members will listen till the end of the story. I was able to persuade that gentleman that without a shadow of doubt that great company would be safe from this particular legislation, and the result is, I hope, that that company will be registered here after all. But this does show the very great importance that, when taxation proposals of this kind are made, they should be made with care. I have no hesitation whatever in saying

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that the Clause, as it was originally drawn, was nothing short of being amazingly ridiculous. I think it is unfortunate that more care is not taken by somebody when Finance Bills are drawn to consider what is likely to be the effect of them upon business, instead of waiting, as is, apparently, the practice of the Inland Revenue at the present time, for criticisms and then saying what should be done. In the meantime an immense amount of harm is done by the destruction of confidence in business. Let there be no doubt about my dislike of this Clause and of the Section of the old Act, but, considering all things, I believe that we ought to support the Clause if we can get such Amendments as I hope we shall do. I do so, because I honestly believe that the chances will be something like 999 to one against any honest company ever knowing in practice of this existing legislation.

The whole thing depends on whether the Clause makes it reasonably certain that no company will come under the operations of this Clause and be taxed for Super-tax unless and until it is established beyond doubt that that particular company have been trying to avoid taxation. If this be the case, then I am sure the Chancellor of the Exchequer will have the sympathy of the Committee behind him, but, on the other hand, it is our duty, in protecting the business of the country generally, to see that there is practically no risk of any company being assessed for Super-tax under these Clauses unless they have been definitely convicted of attempting to dodge the tax. On that basis, I hope we may have a reply from the Chancellor of the Exchequer which will satisfy some of us that the Clause will be as little unsatisfactory as can be hoped for, and, under those circumstances, I shall then ask leave to withdraw this particular Amendment, which is to leave out Subsection (1). Then we shall follow on, of course, with the Amendments which are calculated, I hope, to be of a constructive and not of a destructive character.

The CHANCELLOR of the EX-CHEQUER (Mr. Churchill): I think the speech of the Member for Watford (Mr. D. Herbert) who is so exceptionally well-informed on these subjects, has been a helpful one and has been intended to facilitate the task of the Committee.

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[Mr. Churchill.]

this afternoon. Nevertheless, I intervene in this early stage of the discussion, because I propose to take advantage of this occasion to clear away some of the misapprehensions and the misrepresentations which have played such a large part in upsetting public opinion, quite groundlessly, during the last few weeks. The first of these misconceptions that I should like to deal with is a rather unfair attack upon the officials of the Board of Inland Revenue, which has found its way into a great many newspapers and even figures in a leading article of the "Times." It is suggested that Somerset House is at the bottom of these Clauses; that they have allowed themselves to be carried away by a desire to add to their inquisitorial powers, and that, reaching out further each year and, this year, finding a simple and ingenuous Chancellor of the Exchequer not able to penetrate into these deep matters, they have very readily made him the dupe of their purposes, and his connivance or default has involved the whole Government in this blunder. I think I have stated the case fairly.

Now let us have the truth. These Clauses did not originate at Somerset House. The need for dealing with this matter was not brought forward by the officials of the Board of Inland Revenue. The cause for action arose here, in the House of Commons. It arose on the Debate which we had last year. Speeches were made on both sides of the House alleging a growing abuse. My right hon. Friend the Financial Secretary to the Treasury first, and afterwards, on another occasion, I myself promised the House that we would look into this matter during the autumn and that if we found it had attained serious dimensions we would not hesitate to make proposals upon it. In consequence of these pledges, I made inquiries of the officials of the Board of Inland Revenue, who said that the allegations, as to the serious character of the abuse, were fully sustained, and that the remedy was comparatively easy, but they did not recommend that action should be taken, on account of the prejudice that would be aroused and the Parliamentary difficulties which had manifested themselves in 1922 when my right hon. Friend the Member for Hillhead (Sir R. Horne) first dealt with this matter. He was our

pioneer on the subject. Therefore, so far from the officials of the Board of Inland Revenue having been the motive power in this, in so far as they advised as to what ought to be done, the advice they gave was that it might perhaps be advisable not to press the matter.

The responsibility rests with His Majesty's Government, where it should rest, with the responsible Ministers of the day. The Cabinet set up a Committee to consider the matter, of which my right hon. and learned Friend the Attorney-General was a prominent Member. We examined the matter in great detail for a great many weeks, and we put the issues and the result of our deliberations to the Cabinet and asked them to consider whether, on the whole the needs of the occasion justified the legislation despite the difficulties which it would encounter. Their decision was that action was necessary and that it was our duty to take that action. Thereupon, we went forward, and having gone forward I need scarcely say that we must carry our policy through to its conclusion. I hope I have completely removed the misconception that the officials of Somerset House were responsible. Ministers and Ministers alone were responsible, and no Minister has any responsibility in this matter comparable with my own.

What is the second misconception; a widespread misconception? It is that these proposals are of a novel and exceptional character. Even the "Times" newspaper writes in its leading article that they are revolutionary proposals, and at length in other quarters, whether in letters or articles, we are told that these proposals will give the Inland Revenue power to interfere in the internal management of every company, will strike at the foundations by which the reserves of companies are built up, just at a time when we all know how important it is to add to the growth of those reserves; that this will spread want of confidence; that it will impose a hobble upon initiative and enterprise, and that the business of our country may receive a most serious and formidable blow. What are the facts? In principle and in method the measures which we propose in Clause 29 have been the law of the land for the last five years. The same powers of investigation, the same powers for fixing the liability to

Super-tax, have ruled for the last five years, ever since the Budget of 1922. All that Clause 29 in the present Bill does is to extend the range of those powers to a somewhat larger number of companies and, in addition, as my hon. Friend has just said, it affords certain safeguards to the companies who have been previously involved and those that will now be involved in the scope of our legislation, which were not present in the legislation of 1922.

Let us look at some of the figures. I am advised that there are, approximately, 80,000 non-derelict private companies in the United Kingdom at the present time. Does anybody know how many of those were brought into the ambit of the legislation of 1922? I think the figure will surprise the Committee. I think it may even surprise my right hon. Friend the Member for Hillhead. Forty thousand private companies were brought into the scope of the legislation of 1922. One-half of the whole of the private non-derelict companies in this country. That is to say, half the private company businesses of this country have for the last five years been living under this very revolutionary system, under this cruel inquisitorial investigation, under this absolutely fatal bar to business of every kind, and they have not even known it. They have not even been conscious of the fact that they were involved in it. That is a remarkable and significant fact. Let me impress this point upon the Committee and upon those who are outside who are particularly concerned. Forty-thousand, or one-half of the private company businesses of this country have been during the last five years under exactly the same administration in regard to this particular point as we now propose to apply to a somewhat larger number.

Of those 40,000 companies which have been in this terrible zone of potential inquiry 550 have in the last four years—the Clause has been on the Statute Book five years but has been working only four years—been called upon to make returns by this tyrannical, inquisitorial, oppressive Board of Inland Revenue which, once having got the power to do these things will, we are told, always use it in a very unfair manner. Of the 80,000 companies, on an average 135 per annum have been invited to make returns, I would like to point out that in those four years we have had four

Governments, including one Socialist Government, in which the Financial Secretary to the Treasury was specially interested in this question of evasion. The administration has worked in a perfectly harmonious manner during the whole of those four years.

A little later I will analyse what has happened to the 550 companies, that is, an average of 130 or so per annum, who have been called upon to make returns. For the moment, I will content myself by saying that the evil with which we are trying to grapple is the same as that which existed in 1922. The remedies we are applying are the same, but the evils having moved on to a somewhat wider field the remedy must be made to move on into that field. What were the evils which required the legislation of my right hon. Friend in 1922? Let me explain them. It is now possible for anyone who chooses to avoid taxation to do so by turning himself into a company: by selling his own business to a company. He retains the whole control of that company. Sometimes it is done in the form of a vote which the founder or proprietor has: a very peculiar vote: a vote which I have seen in some prospectuses described as giving him a voting power, in virtue of this vote, equal to all the votes cast against him, plus one. I think that is the sort of vote which some of us would be very glad to have in this House. While retaining,

4.0 p.m. under various devices, the full responsible control, the proprietor is able to draw out, in the form of a loan, or in payment for debentures, whatever money he requires for his personal expenses, and these moneys are drawn out free of all charge to Super-tax. These cases are quite well known to the Inland Revenue. The law renders them completely immune, but what is going on is absolutely apparent. I am going to give some instances, but I should like to make it perfectly clear that I have no personal knowledge to whom these instances refer. The Inland Revenue officials are governed by secrecy, very wholesomely and very necessarily, and, in consequence, the instances I give are in every way chosen so as to respect and safeguard the principles of that code. All I know is that they are actual and authentic cases.

[Mr. Churchill.]

Let me show a few cases of the kind with which we think it our duty to deal. The first case is that of a firm of manufacturers. In one year this company made a profit of £75,000 and paid dividends to the extent of £3,300. The two people in control of the company drew in that year £33,000 in so-called loans, on which no interest was payable. The second case is that of a textile company. The profits were £66,000. The dividends amounted to £6,900. The controlling shareholder drew out by way of loan £19,000, free of Super-tax. In the previous year he drew out £54,000 by way of loan, free of Super-tax. The third case was one of food supply, the profit being £9,000, the dividends paid £700, and a loan of £6,000 being made to the controlling shareholder. In another case, the profits were £13,000, the dividends £1,000 and the loan £10,000. In the previous year, the controlling shareholder had drawn by way of loan £33,000 out of the accumulated profits. All these cases are selected, not from the whole range, but simply from the pre-1914 classes which were specially exempted from the legislation of my right hon. Friend. Even in that small class, these are some typical cases.

I think I am right in saying that it is common ground with all of us that we are bound to do our duty to arrest an evil of that kind, and that the Government must do it before it has reached serious dimensions. A swift, sure, easy means of avoiding taxation exists. The knowledge of it is increasing every day. The advertisement it has received from Debates in this House last year, from articles in the newspapers, and from Debates we are having now, undoubtedly will bring it home to vast numbers of people who were unaware of the fact before, and if the Government, having introduced these Clauses which they have regarded as their duty to pass into law, were to withdraw from this task, it would give a warrant, a charter from Parliament for the widespread adoption of those practices. [An Hon. Member: "No!"]. I say if we were to avow ourselves incapable of dealing with the matter, it would give a charter to the widespread adoption of these practices, which, if they were to attain any general vogue, would unquestionably result in dividing the

taxpayers of this country into two classes—those who pay their taxes and those who do not, it being perfectly and clearly understood that those who were willing to pay their taxes would have to pay the share of those who would rather not, with the result that, undoubtedly, there would have to be an increase in the standard rate of Income Tax.

I am bound to point this out, because the Government have no choice whatever, having raised this matter, but to see that they deal with it in an effective way. I have accepted, and am willing to accept, many Amendments which reassure the general mass of the taxpayers and of business firms. I will accept no Amendment which in the slightest degree blunts the efficiency of the Clause. My hon. Friend who spoke suggested that the Amendments we had accepted, or had put down ourselves to our Clause, showed how carelessly the Clause was drafted. I repulse that suggestion. I believe the Clause, as drafted, would have done no harm to *bona fide* businesses. I believe the reassurance I have given in the form of Amendments which I have put down, or will accept, will in no way prevent our achieving the perfectly clear and definite object we have in view. When, in the year 1922, the first provisions on this subject were introduced by my right hon. Friend, there were, of course, the most extravagant predictions of the misfortunes that would follow. All the language which we have heard on this occasion—and some people who are good judges tell me even more—was poured upon his head and upon his proposals.

But how have the powers of 1922 been used in practice by the Inland Revenue authorities? I have said already that the business world has been hardly conscious of the fact that one-half of the private companies were already in this sphere. They have only just heard about it. Let us see what has been the actual procedure under the Section. The Inland Revenue acts in cases where they have reason to think there is tax evasion. The Special Commissioners then hear the taxpayer, and they adjudicate. The taxpayer may then, if he chooses, appeal to the Board of Referees and so may the Inland Revenue if dissatisfied with the decision of the Special Commissioners. What is the Board of Referees? People have discussed this matter as if the

Board of Referees were a body of gentlemen under the control of the Government, or an appanage of Somerset House. They are a body of independent, unpaid, impartial people, chosen and set up for the express purpose of standing as a bulwark between the taxpayer and the Inland Revenue.

Sir R. HORNE: By whom?

Mr. CHURCHILL: In the first instance by the Government. Does the right hon. Gentleman suggest that he did not exercise his choice with impartiality?

Sir R. HORNE: I make no suggestions at all.

Mr. CHURCHILL: If by his interruption my right hon. Friend meant anything, he meant that he doubted their impartiality.

Sir R. HORNE: No.

Mr. CHURCHILL: If my right hon. Friend does not doubt that impartiality, I need not pursue the point. They are appointed in exactly the same way as His Majesty's Judges are appointed, and I have no doubt they discharge their functions with the same absence of fear, favour or affection. There is no power on the part of anyone to interfere in the management of companies, but the decision whether any particular company within the scope of the legislation is immune from Super-tax can only be taken by an impartial, non-official body, and I am going to show how that impartial, non-official body has exercised its powers. In 1922, there was a very careful definition for the guidance of the Special Commissioners and the Board of Referees of what was a reasonable sum to carry to reserve, and I think in the framing of this the Committee of those days had a great deal of assistance from my hon. Friend who opened the discussion this afternoon. Although perhaps the words are not exactly his, they are words which, I think, he had a great deal to do with framing, and words with which he was satisfied in the end. It is laid down for the guidance of the Special Commissioners and the Board of Referees that

"In determining whether any company has or has not distributed a reasonable part of its income as aforesaid, the Commissioners shall have regard not only to the current requirements of the company's busi-

ness but also to such other requirements as may be necessary or advisable for the maintenance and development of that business."

Sir JOHN MARRIOTT: Is that by Statute?

Mr. CHURCHILL: That is in Sub-section (1) of Section 21 of the Finance Act, 1922. So that the answer is in every way satisfactory to my hon. Friend. I said a little while ago that, under this legislation, in four years of its working, on an area of 40,000 companies, or half the private companies in the country, 550 cases had been selected as cases in which the directors of the company had been asked to furnish returns. Let us see what happened to those 550 cases. After the returns had been furnished, the Inland Revenue claimed Super-tax in 250 cases, or rather less than half. There were 128 out of those 250 cases in which there was an appeal to the Special Commissioners. The Special Commissioners decided in favour of the taxpayer in 60 cases, and against the taxpayer, in whole or in part, in 68 cases. Only 11 cases were carried to the Board of Referees, the parties concerned on either side having recognised the justice of the decision of the Special Commissioners in all other cases. But 11 cases in four years, on a scale of business comprising 40,000 companies, went to the Board of Referees. Of those 11 cases—I said they were an impartial body, and I think the actual results ought to confirm that statement—in five cases the Board of Referees decided in favour of the taxpayer and in six cases against the taxpayer. Therefore in six cases only that were appealed against in four years has a decision been given against the taxpayer.

Mr. HERBERT: Would the right hon. Gentleman mind repeating the figures after the 128?

Mr. CHURCHILL: I shall be very glad to do so. There were 128 appeals made to the Special Commissioners, and in 60 of those cases the Special Commissioners decided in favour of the taxpayer and in 68 cases, in whole or in part, against the taxpayer. Of those 68 cases, 11 were carried to the purely impartial body, the Board of Referees, and of those 11 cases, five were decided in favour of the taxpayer and six against the taxpayer.

Mr. MACQUISTEN: Did the Board of Inland Revenue appeal in any of the cases decided against it?

Mr. CHURCHILL: Of course, the Crown can appeal, if it think fit. These figures, of course, apply not to the 68 cases but to the 128 cases. That is perfectly true. I am much obliged to my hon. and learned Friend for pointing that out, but, whether 68 or 128, it is exactly the same for the purpose of the very serious argument I am employing. I was going to give to the Committee some examples of the decisions which have been given in favour of the companies by the Special Commissioners and the Board of Referees. We are told that business is going to be hampered. Let us see the kind of practice which has been adopted. Here is the case of a company of manufacturers. In the first year it made a profit of £27,000, and in the second year £36,000, and declared dividends of £3,000 and £5,000. The Inland Revenue drew attention to this, and there was an appeal to the Special Commissioners, who were satisfied that the retention of the undistributed profits was necessary for the development of the business and the extension of the company's premises.

In the second case the actual income was £13,000, and the dividend distributed was nil. The company satisfied the Special Commissioners that the retention of the income of the company was necessary in order to provide for depreciation of the property. The third case, a manufacturing company, the actual income was £15,000, and the dividend declared £5,000. The company satisfied the Special Commissioners that the retention of the undivided profits was necessary for the purpose of extending the company's buildings and plant. The fourth case, a manufacturing company, the actual income was £13,000, and the dividend declared £700. The company satisfied the Special Commissioners that the undistributed income was needed in order to meet the current requirements of a growing business. The fifth case, a textile company, the profits were £54,000, and the dividend declared £5,000. The company satisfied the Special Commissioners that it was necessary for them to retain the undivided income in order to provide re-

serves to meet trade competition. The sixth case, a multiple shop company, the income was £44,000 in the first year and £48,000 in the second year. The dividend declared was £13,000 for the first year and £14,000 for the second. The company satisfied the Special Commissioners that the retention of income was necessary for the maintenance of the existing business and the acquisition of further shops.

I now come to the decisions given by the Board of Referees. The first case is that of a company engaged in stock and share dealing. Its income was £7,000 for the first year, and £8,000 for the second year. No dividend was paid in either year. On appeal to the Board of Referees, the company showed that its issued capital was inadequate, and that it was necessary to retain the profits in order to provide the normal means of development. In this case, the Board of Referees reversed the decision of the Special Commissioners. In the second case, hotel proprietors, in the first year the income was £13,000 and in the second year, £21,000. No dividends were paid in either year. Upon appeal the Special Commissioners decided in favour of the company. The Board of Inland Revenue were not satisfied and considered that the case should go to the Board of Referees, and the Board of Referees after full investigation were satisfied that the withholding of the profits was reasonable in view of the requirements of the company's business. The fourth case, timber merchants, the income was £28,000 for the first year and £18,000 in the second year. No dividends were paid in either year. The Special Commissioners decided in favour of the company. The Board of Inland Revenue considered that the case should go before the Board of Referees, and the Board of Referees upheld the decision of the Special Commissioners on the ground that the company had reasonably withheld a distribution of profits. This is typical of the manner in which the provisions of my right hon. Friend have been working during the last four years under four separate Governments, and the way in which the powers have been used shows that the ordinary course of business has not been interfered with in the slightest degree.

Sir BASIL PETO: All the cases which the right hon. Gentleman has given are

of decisions one way; that is in favour of the trader. Has he any decisions in favour of the Government?

Mr. CHURCHILL: I have chosen these decisions in order to show how very wide is the latitude of the Special Commissioners and the Board of Referees. There are a number of decisions which have been given the other way, and in my figures I have stated that 68 decisions were given by the Special Commissioners against the taxpayer, as compared with 60 decisions in his favour, and that six decisions were given against the taxpayer by the Board of Referees as against five decisions in his favour. All I want to show is how broad-minded has been the interpretation placed by the Special Commissioners and the Board of Referees on the words of the Statute of 1922. That is the process which will rule when Clause 29 is passed into law.

Mr. MACQUISTEN: Can the right hon. Gentleman give us one or two of the most flagrant cases which obviously show the need for this legislation?

Mr. CHURCHILL: I have already read out a number of cases in which, in the opinion of the Board of Inland Revenue, there should be an examination, and those are the cases which under the present legislation we shall be able to put through this very carefully considered and safeguarded process.

Mr. MACQUISTEN: I understand that those cases were the ones which the law is unable to deal with.

Mr. CHURCHILL: I have not furnished myself with examples of those cases. It would be quite possible to give such, and they would be cases where the distributed profits fell so far below the average of the trade that it was perfectly clear that the object was not one of trading but a deliberate evasion of their fair dues to the State. My contention is that there has been no harm done to any business in the past, large or small, which has been conducted for *bona fide* commercial purposes, and I submit that the future does not differ from the past, and cannot be made to differ from the past, because these impartial authorities with their judicial functions are interposed between the taxpayer and the tax collector. All we are trying to do is to extend the zone of potential inquiry and

adapt new safeguards which are appropriate to the larger number of companies brought within the scope of the legislation. One of these safeguards will be to attach to the panel of referees a business man connected with the trade in regard to which cases may be discussed, or, conceivably, to give power to the Board of Referees to co-opt a representative of the trade in a particular case. This is under discussion and the actual words will be inserted on Report when they are in a completely satisfactory form.

Let us see what are the actual proposals of Clause 29. I am sorry to detain the House so long but I feel bound to do so. The first step in extending the powers of the Act of 1922 was to try and reassure as many people as possible that they would not be included within its extended scope, and therefore, we have attached four conditions of an exclusive character. It does not mean that everybody within this is going to be interfered with. It means exactly the opposite. All it means is that those outside the scope may immediately regard themselves as not affected in any way by the legislation. There is the old provision of not more than five persons. We have added to that, as a reassuring amendment, any company which is quoted in the Stock Exchange List official or supplementary of the United Kingdom and on which 25 per cent. of the voting power is held by the public. We have also arranged a provision dealing with subsidiary companies of ordinary companies. By that a turnstile is set up so narrow that while it includes by far the greater part of the private companies, nevertheless it excludes 90 per cent., by volume, of British business. Ninety per cent., by volume, of British business and 85 per cent., by volume, of company business is absolutely outside the scope of Clause 29, subject to the Amendments I have put down.

Mr. HERBERT WILLIAMS: Would Lever Brothers be excluded?

Mr. CHURCHILL: How can I possibly on the spur of the moment answer that, and I should be paying less consideration to the question than it deserves if I were to try and answer it. Although 90 per cent. of the general business and 85 per cent. of the company business is excluded by these provisions, 35,000 more private companies

[Mr. Churchill.]

are added to the 40,000 companies which were included within the scope of the legislation of my right hon. Friend. To the vast majority of these nothing will happen. They will be asked no questions, and they will be no more conscious that anything is taking place than the 40,000 companies have been during the last four years. But where the Board of Inland Revenue thinks there is evasion, and there is no difficulty in selecting really extravagant cases, the directors will at the outset have the opportunity of making a statutory declaration that there is in fact no evasion and state their reasons. The Special Commissioners will in many cases accept this declaration, and in some cases they will, after hearing the counter-statement of the Board of Inland Revenue, refer the matter to the Board of Referees. The new provisions protect the taxpayer, that is the 40,000 companies as well as the 35,000 additional companies, which are now being included. The Crown cannot undertake to prove motive in law, as my right hon. Friend said very well five years ago. All the Crown can do is to deal with the facts as they are disclosed.

Mr. WALLHEAD: In the Trade Union Bill they can.

Mr. CHURCHILL: Let us deal with one Bill at a time. The Crown can undertake to submit a *prima facie* case to the Board of Referees. That is comparable to the kind of duty which my right hon. and learned Friend the Attorney-General discharges when he is asked to sanction a prosecution. He does not go into the actual case, he does not try the case; he considers whether there is a sufficiently strong case to justify an inquiry. It is also rather analogous to the position of a grand jury which refers cases to the Assizes. The differences are all in favour of the taxpayer, for whereas the Attorney-General and the grand jury decide on *ex-parte* evidence, in this case a written statement from both sides will be before the Board of Referees. They will hear both sides, and unless they say that in their opinion there is a *prima facie* case of evasion, nobody would be interfered with in the slightest degree. It will protect the 40,000 companies already in its sphere as well as the 35,000 which it is

proposed to bring in. The Board of Referees may, in giving its preliminary decision, decide in favour of the taxpayer, in which case that is an end to it. They may decide in favour of the Crown. If they decide in favour of the Crown, then and then only the provisions of Clause 29 begin to apply, and the turnstile, which I have indicated in Clause 29 is an exclusive turnstile, has been reinforced by a human gate-keeper in the shape of the Board of Referees, with a view of placing a larger number of companies immediately at their ease so that they may not feel the slightest alarm that they are going to be mauled, handled, or interfered with in any respect. What happens when a company actually enters the area of Clause 29? It has all the protection of the Clause, the words which I have read out and those which figure in the legislation of my right hon. Friend. It has all the protection of the Special Commissioners, and in at least half the cases they have decided against the Board of Inland Revenue. It has, in addition, the protection of the Board of Referees, who in practically half the cases have decided in favour of the taxpayer.

Finally, there is an appeal, not on points of fact but on points of law, to the Courts of the land. But if the taxpayer is not covered by these protections and safeguards and finally the Board of Referees includes him among those, or he admits that he should be included among those who have evaded their due share of the taxation of the country, if in the last resort that position should be reached in regard to any particular company, what happens? Then, we are told, the penal clauses come into effect, the penal provision. What is the penal provision? All that happens is that the taxpayer, judged after all these precautions, loses his status as a public company and loses the privileges given to public companies, and drops down to the ordinary position of a private individual or private firm. There is not the slightest difficulty in his adjusting and rearranging his affairs in such a way as to place himself entirely inside the law before the next year comes along. That is the worst of the penal provision, of which we have heard so much.

I think it is impossible to set up a more considerate and careful procedure. All these precautions are not taken for the

sake of the tax-evaders; they are taken for the sake of giving reassurance to the vast mass of business by which this country gets its daily livelihood, and to remove the apprehensions that are felt there. I see in some of the newspapers statements made that these Clauses are retrospective to the extent of six years. I should be quite willing to rectify this if the case were made out. There is not the slightest shadow of shade of a shred of vestige of any such thing. In the ordinary working of the Income Tax errors and mistakes may be rectified six years back on either side. This Clause 29, so far from being retrospective, is to come into operation next year, and that means it will start fair from next year. It has no existence before next year. It will refer to what takes place this year, as all Super-tax does: it is calculated on the preceding year. Nothing will be taken into consideration that is not being done this year; nothing previous can ever be taken into consideration under this Bill; and if there were the slightest doubt as to the accuracy of what I say, about the words of the legislation, we would accept any words that were necessary to improve it. But I understand there is absolutely none, and that the legislation in fact begins for all alike next year and refers only to events which are taking place in the currency of the present financial year.

My hon. Friend has asked me whether I hope to reconsider these Clauses. I must admit that in one respect I am certainly not entirely satisfied that they are perfect. I must admit that the methods of evasion are not entirely dealt with in this provision. It may well be that at a later stage some of those who moved out of the sphere of my right hon. Friend in 1922 will be able to move out of the new sphere, the extended zone which we occupy in 1927. But they will have to move to a less comfortable position which alone will be open to them.

Of course Parliament retains control of this legislation until next year, when a general Financial Resolution covering the Income Tax and Super-tax proposals of the year will have to be passed by the House. Therefore, the House is not dealing with this matter once for all. I must not use any language which would give the slightest countenance to keeping alive the sort of campaign of apprehension and alarm and despondency

which has been noticeable in certain quarters during the last few weeks; but at any rate the House is in control of the matter until this time next year, and if, in the interval, a better way of achieving the purpose of the Government than that which we have devised can be devised by business men or by the Members of the House, a way which secures the proper protection which the revenue requires and at the same time is more satisfactory to the business men of the country, I am personally ready to consider it. Indeed I should be grateful for any assistance that can be offered on that score.

Meanwhile, I say that the Government have gone to their limit in trying to reassure honest doubts. It is quite impossible to postpone or to withdraw the proposals which we have put forward, still less to accept any Amendments which would render them nugatory. Therefore, I invite the Committee, without distinction of party, to sustain the Chancellor of the Exchequer against a dangerous and growing abuse which, as it develops, cannot fail to be seriously injurious to the revenue, and is in any case, from the very outset, grossly unfair to the general taxpayer.

Sir J. MARRIOTT: Before my right hon. Friend sits down will he make clear one point about the figures he has given, and so remove some misapprehension. He told us that there were 80,000 private companies and of those 40,000 had come within the ambit of the Act of 1922?

Mr. CHURCHILL: Yes.

Sir J. MARRIOTT: Then the Chancellor said, later in his speech, that 35,000 additional companies would be brought within the ambit of the present proposal?

Mr. CHURCHILL: That is so.

Sir J. MARRIOTT: Does that mean that only 5,000 of the 80,000 private companies will remain outside?

Mr. CHURCHILL: That would seem to be a very reasonable conclusion.

The CHAIRMAN: On another Bill I have protested against any hon. Member the moment a speaker sits down, firing a great number of questions at him. There is the less reason for doing so in Committee because both Ministers and others

[The Chairman.]
can speak twice. Does the hon. Member for York (Sir J. Marriott) want to put another question on the same subject?

Sir J. MARRIOTT: It is on the same subject. My question was put entirely to enable the right hon. Gentleman to make clear to some of the more stupid Members of the Committee a point which he was endeavouring to make. I was asking him, and ask again, whether his statement means that the 35,000 additional companies brought within the ambit of the present proposal will bring up the total to within 5,000 of the 80,000 whom he had previously mentioned?

Mr. HERBERT: I wonder whether I can explain what I think is in the mind of my hon. Friend?

Mr. WILLIAM GRAHAM: The subject which has been raised in the speech of the hon. Member for Watford (Mr. D. Herbert) and explained at length by the Chancellor of the Exchequer is one of undeniable importance and also of very great intricacy in debate. In what will be said from this side of the Committee, I do not suggest for a moment that it may be possible altogether to escape minor inaccuracies in the statement of the case. May I, first of all, call attention to this rather interesting situation? During the past two or three days scores of millions of taxation have been piled on the taxpayers of this country. They are taxes which have often been debated in what was a practically empty House, and it is rather odd that the first time we have got a crowded House and genuine interest is when we deal with the question of Super-tax. A fact of that kind cannot be lost on the House of Commons, and still less can it be lost on the country outside. Our chief duty this afternoon is to direct our minds as clearly and as plainly as we can to what after all is the central consideration before this Chamber. That central consideration is the prevention of evasion of the payment of Super-tax by companies and individuals, in circumstances described by the Chancellor of the Exchequer.

May I associate myself at once with the right hon. Gentleman in the defence which he has offered of the officials of Somerset House, and the reply that he has made to some of the mischievous and

misleading newspaper criticism in this case? Over and over again it has been asserted in the discussion that we are wholly at the mercy, as a read only this morning, of a small company of bureaucrats, who can do practically what they like with an important section of taxpayers in this country. A statement of that kind is manifestly ridiculous. Civil servants cannot reply in this House for themselves, and they have no opportunity of stating their case in public debate. After all, it is our duty to remember that they are there operating under Acts of Parliament which we ourselves have passed in the House of Commons, and they are very largely, along with the Chancellor of the Exchequer, in the position of trustees acting for the public and making perfectly certain that the revenue is obtained under the law as it stands. I feel sure that if that consideration had been kept in mind a great deal of the criticism which has been true of the past four or five weeks would never have been offered.

Let us keep clearly in mind also the nature and scale of Income Tax and Super-tax evasion. The Chancellor of the Exchequer argued that the proposals of Clause 29 did not originate in Somerset House, and he went on to indicate that they originated in circumstances round about 1922, when Section 21 of the Finance Bill of that year was passed into law. But, of course, the problem had a much earlier origin. In point of fact it was considered at very considerable length, and after a great deal of detailed evidence, by the Royal Commission on the Income Tax in 1919, and certain recommendations on this specific problem were embodied in the Report of that Commission published in 1920. Let the Committee remember that certain witnesses, by no means unreliable, suggested to the Royal Commission that there was large-scale evasion of Income Tax and Super-tax. Of course, hon. Members recognise that, with the increase of the burden of taxation in recent years, there must be a certain encouragement to a tendency in that direction, apart altogether from the demoralisation which overtook certain departments of our business practice during the War, which familiarised

individuals with devices for evasion, which methods a number of them—I do not put it higher than that—have sought to carry into post-War conditions.

Witnesses argued that large sums of money were lost to the Exchequer. But, excluding the admittedly extravagant suggestions—I rule them out altogether this afternoon, because we want to be on the strongest possible ground in this Debate—it was conceded that £5,000,000 to £10,000,000 per annum, at a very low estimate, was lost by evasion, and that if certain administrative and other changes were introduced, at least £7,000,000 to £8,000,000 of additional revenue would be obtained, as I understand them, under the law as it then was. While that was not all attributable to this evasion of Super-tax, a fair proportion of it, no doubt, could be associated with this problem. The Royal Commission recommended substantially what was embodied in Section 21 of the Finance Act of 1922, that is that where there was not a proper, sufficient or fair distribution of the profits of the companies year by year, and where it was perfectly plain, that that distribution was being restricted for the purpose of evading Super-tax, that those steps should be taken.

The hon. Member for Watford (Mr. D. Herbert), with whom I have had numerous discussions on this matter, both while we were in office in 1924, and on other occasions, has suggested that there are certain hardships in that Section of the Act of 1922. I have, in particular, very often heard him use the phrase about the penal effect of that particular Section. The real reply to that was given this afternoon, in a passage in the speech of the Chancellor of the Exchequer, when the right hon. Gentleman suggested that all you did when you put an individual into that apparently extreme position, was simply to reduce him to the state he should have occupied if this particular evasion had never been attempted. Let us remember here that it is evasion which is before the House. In the Debates of recent weeks, an attempt has been made to draw a distinction between ordinary arrangements of business such as those which put these profits beyond the reach of taxation on the one side, and what is manifestly evasion on the other. A good deal of attention has been directed to a remark made by Lord Sumner to the effect that the taxpayer was entitled to

arrange his business in such a way as not to expose himself to, or to attract the attention of the tax collector, if that could legitimately be done, or what would be called ordinary practice within the law, to reduce the burden on the individual. I make no particular comments on that this afternoon, because so long as this system of commerce and industry lasts, and we have private enterprise, individuals will be entitled, where they can, within the law, in a perfectly honest and *bona fide* manner—I emphasise that—to arrange their affairs in such a way as not to carry undue burdens.

When, however, we have made the fullest recognition of practice of that kind, it remains true that very often, in industrial and commercial practice in this country, it tends to shade into a form of evasion which, in my judgment, and in that of many of my hon. Friends on this side of the Committee, is an evasion that ought to be stopped at the earliest possible moment, and to which rigorous penalties should be applied. Of course, it is extremely difficult to say when you cross that border-line from the legitimate within the law into this sphere where you are unfairly taking steps to the disadvantage of the mass of other taxpayers at a time when you are raising between £833,000,000 and £850,000,000 of revenue, year by year. It is a very nice point; for our part, we are determined, so far as we have any voice at all, to stop the evasion wherever we can. This evasion, to-day, is worth to the Chancellor of the Exchequer, as I have tried to tell him personally, in the aggregate—not on this item alone, but with others—at least from £5,000,000 to £10,000,000 per annum and, I imagine, probably more. The House of Commons, since 1920, when the Royal Commission's Report was published, has never embarked on a proper scheme or programme for the prevention of evasion. Odds and ends have been taken from the recommendations of the Royal Commission, but a programme, as such, has never been undertaken. In point of fact, a very large part of the recommendations of the Royal Commission have remained a dead letter, the adoption of many of which would have prevented so far the emergence of this difficulty to-day and, of course, the embarrassment which has so far overtaken the Chancellor of the

[Mr. W. Graham.]

Exchequer, although that does not unduly worry us on this side of the House.

I come now, after that preliminary survey, to Section 21 of the Act of 1922. When we were in office in 1924—a memorable period of legislative history in this country—a great deal of pressure was brought to bear on us, directly and indirectly, on this very issue. Of course, at that time, it was plain that the Section of the Act of 1922 had not had anything like a fair trial, and I was perfectly satisfied, from my experience on the Royal Commission three or four years before, that probably very much more drastic provisions would be necessary. This campaign has continued and developed, until we are in the minor crisis of to-day. The Chancellor of the Exchequer has very largely disposed of the case from the point of view of the ordinary business world in this matter. because, I imagine, until he spoke this afternoon, very few Members of the Committee were aware of the very large part of the field which has already been covered by Section 21 of the Act of 1922. If that be the state of affairs, and if you cover all that in the circumstances described by the right hon. Gentleman as regards the forms of protection which the taxpayer gets, I am obliged to say, that there is a pretty artificial, if not dishonest element, in the agitation of the past three or four weeks. Many of those men who lent their names to those letters in the Press, and who made attacks on Somerset House, and the rest, must have known of the widespread operation of this Section of the Act of 1922, and must have been perfectly well aware of the judgments or decisions of the Court of Referees, and others, which, as the right hon. Gentleman pointed out, very amply protected their interests.

I come now to the present proposals of the Chancellor of the Exchequer. This Clause in the present Bill does not appear to be in any way too drastic for the purpose, because, with all the evasion, in that Clause there are many safeguards as originally introduced. The broad proposition of 1922 remains; there is all this arrangement for sufficient allowance for the current needs of the business, and attention is specially directed in the statute to what is necessary for extension and development, together with the further safeguards to which reference has

been made. All these things remain, but in the Clause as originally introduced undoubtedly the Chancellor of the Exchequer proposed very widely to extend the field. He made the arrangement regarding not more than five people, and certain other additional provisions, for perfectly good reasons, such as were illustrated in those almost violent cases of downright evasion which he cited to the Committee and which, I have not the least hesitation in describing here, as most valuable material from our point of view, because he has now put on record in the OFFICIAL REPORT what many of us knew was going on in business, but which remained very largely a matter of debate or a confidential thing between the Inland Revenue and the taxpayer.

My criticism of the right hon. Gentleman is that, even if you only have a handful of cases of the extreme character which he cited to the Committee, what you require is not a modification of this Clause in the Bill but the original Clause. Accordingly, I am very sorry, indeed, that he has modified his proposals, and all the more so because there was another year of investigation before us before this would come into strict and practical application. That is a phase of his speech which I specially regret. The right hon. Gentleman went on to intimate that, of course, his own two Amendments on the Paper would be applied and that probably, also, certain other Amendments, which we shall reach later on, will be accepted. At this stage, we are only in the realm of general debate. The right hon. Gentleman comes along with proposals regarding these subsidiary companies and the public holding in a company—these two grouped together—and in the second place, a Clause regarding machinery and other devices giving the taxpayers the right of declaration, with all the other safeguards thrown in. The two Amendments, taken together, undoubtedly modify, at all events in my judgment, to an appreciable extent, the rigour of the Clause as originally introduced. Later in the discussion we shall find out what is the scope of the intention, but all I am going to say at the present stage is that it is regrettable that, bending to some extent under the agitation, the right hon. Gentleman has yielded. Probably it will be our duty to try to assist him in standing to the document which he has already

offered to the Committee and saying that, subject to minor Amendments here and there, the Clause as now modified represents the limit of his concession.

Mr. WALLHEAD: It does not go far enough.

Mr. GRAHAM: My hon. Friend reminds me that it does not by any means go to the limit which we ourselves would desire. May I say one or two words in conclusion? It has been suggested in some quarters that a Clause of this kind is a veritable gift to the Labour Socialist movement. That has certainly been argued very strongly in connection with the later Clause which, presumably, we shall discuss at some time to-day. I can imagine no argument which is more thoroughly misleading, if not dishonest. Our sole concern is to see that taxation imposed by law in this country is paid; that is, that the revenue is thoroughly safeguarded. To those who suggest that there will be an interference with legitimate business I would say that you have got the safeguard under Section 21 of the Act of 1922 still open to you, and that now you have the advantage of the two suggestions of the right hon. Gentleman which, apparently, have so far satisfied the hon. Member for Watford, and have left only what I may call the die-hards in business to continue the fight.

Against any attempt further
5.0 p.m. to weaken the Clause we shall offer strenuous resistance. There is still in this country substantial evasion, and that we are very far indeed from having overtaken the whole field of the evasion of taxation on profits. The right hon. Gentleman reminded his supporters this afternoon that there was a year of grace, and if during that time they could suggest anything better than that which we have devised—I presume the right hon. Gentleman alludes to the Clause in the Act of 1922—he was open to consider suggestions. I have a suggestion to offer to the Chancellor of the Exchequer. The way to deal with evasion is not to deal with it in this piecemeal fashion. If I had my way, I would ask a small body of men to collect all the relevant passages in the Report of the Royal Commission of 1920 dealing with evasion into a very clear and, it might well be, a very simple programme. I would also draw attention to the suggestion which

was made by the Financial Secretary to the Treasury in a Debate in this House that in this Clause the phraseology might be greatly simplified, because there is no human being that I have ever met, outside a very select circle, which understands in the least what these Clauses mean, and it is left to what we call Income Tax experts, a most misleading term, to explain these Clauses to them. I fail to see, in the light of our experience in 1919, why this should not be stated in perfectly simple terms, but a very large part of the difficulty in this matter arises from the great Consolidation Act of 1918 and legislation by reference which has resulted. Accordingly, if the Chancellor of the Exchequer is going to deal with the evasion of Super-tax, Income Tax and all the rest of it, let him embark upon a bigger and a more comprehensive programme. With such a programme it can be confidently suggested that in a period of 12 months the Chancellor of the Exchequer could collect from £10,000,000 to £15,000,000 of additional revenue, under the law as it stands, from individuals who are at present evading a part of their duty to the State.

Mr. RUNCIMAN: The right hon. Gentleman who has just sat down has made quite clear what, I am sure, is in the minds of all Members of the Committee, and that is that evasion is not the issue before the Committee this afternoon, for the truth is that there is no Member of the Committee who would get up and defend the evaders. I doubt if there is any Member of the Committee who would not do his utmost to catch them if he could. Therefore, there is no question, while we are criticising the Clause and the Amendments, of our being in favour of a further evasion of Super-tax. I can only speak for myself in this matter, but I am quite ready, if the Chancellor of the Exchequer requires any information upon the industry with which I am connected, to advise my friends to give him the fullest possible information in the frankest possible way. We have endeavoured to do that already, and during the next 12 months we shall carry our inquiries further, to the utmost of our ability. We have nothing to hide and nothing to retract, and we certainly are extremely anxious that in this matter full justice shall be done to all.

[Mr. Runciman.]

payers alike. But when I heard the Chancellor of the Exchequer say that it was difficult to find any fault with the drafting of this Clause, I must say that I opened my ears in astonishment. It is suggested that the drafting should not be blamed, and that it is so perfect that we need not criticise it. Our trouble is that the drafting is so obscure that we do not know where we are.

Let me take a very important instance. I am not dealing with a small and obscure concern, but with a very large one that has come under my notice in the last few days. A very important company in this country has two or three foreign branches abroad. Under the law of the foreign country they are bound to be registered companies in the foreign country, but they are most anxious to know whether or not they come within the purview of this Clause or of the Amendment put down. They have taken the best legal advice they can find and what is the result? The eminent lawyer who advises them tells them that there are two possible constructions which may be put on the Amendment of the Chancellor of the Exchequer.

"A.—(i) the Section shall apply to a company which is not a subsidiary company.

(ii) The foreign company is a subsidiary company."

Therefore, the Clause does not apply to a foreign company.

"or B.—(i) The Clause shall apply to a company which is not controlled by a company to which the provisions of Clause 29 do not apply.

(ii) The foreign company is a company controlled by a company to which the provisions of Clause 29 do not apply."

Therefore, the Clause applies to the foreign company.

It is when we receive advice of that kind that I think all those of us who are not lawyers consider that this kind of drafting renders the Clause, to say the least of it, extremely difficult to understand. The suggestion which I understand the Chancellor of the Exchequer to make, that he is going to accept the proposal that we should have a wider representation of individual industries on the Board of Referees, is a matter of great importance. I am not now arguing against the proposals as a whole. I am doing my best in the cir-

cumstances to see if they can be improved. One of the directions in which undoubtedly improvement is necessary is in the constitution of the Board of Referees. Let me point out through the industry with which I am personally connected, the necessity for this. There is full provision made in the Income Tax Act and in the Act of 1922 without having it in the present Bill, for allowing a company to accumulate reserves which will now come under survey, but what does the survey mean? What about the question of maintenance? It is a different problem in every industry. The maintenance of cotton mills is very different from the maintenance of a shipping company, and in the case of shipping maintenance might mean that you would have to keep your funds together in order that from time to time if you desired to build new ships in place of others that have become obsolete. My hon. Friend who represents one of the Divisions of Newcastle if he had been present now would have agreed with me, for he is one of the best representatives of the shipbuilding industry in this country, in stating the fact that in the last 20 years we have seen great changes in the types of ships.

Again, there has been every year a chart in one of the technical papers circulating in this country showing the variations in the prices, in the market value, of a vessel of about 7,500 tons. There are no more remarkable curves to be seen in the history of commerce than the zigzag up to enormous heights and down to surprising depths. At times when there is great demand for these vessels and when steel and labour are dear, those are the times when prices are enormously high, but at other times, during periods of depression when shipbuilders will take orders at a loss in order to keep their works going, prices are much lower. Of course if a shipowner were clever enough only to buy in times of depression instead of at the top of the market, he would be able to carry on shipping at a profit, but all progressive firms actually go on buying constantly year after year, and they keep a part of the profits for this purpose, and the first thing they have to do out of the profits of their vessels is to set aside a portion to meet changes in value for which provision must be made if the company is to remain sound. That comes under the

heading of "maintenance" but it would not be maintenance in a great number of other industries. It ought to be the practice of all the shipping companies to retain sufficiently large sums to provide for long-dated obligations. If you give an order for shipping this year, you may not get delivery of it for five or six years hence; consequently, you have to provide for obligations long before the vessels are delivered, and those obligations have to be provided for out of current revenue. They cannot be provided for in any other way, and if that were not done it would mean that a great many shipping companies would be in deep water and their misfortune would reflect upon people in other industries which depend upon shipping. There might also be a prolonged depression and if a shipping company is to survive at all it must have big reserves and be prepared to look forward to the time when trading is more profitable.

One of the reasons American shipping companies have failed so largely in the past is that they have not provided for continuity, which is the very essence of the shipping business. If that provision is to be made it can only be justified, I would suggest, before a tribunal that has some knowledge of the industry itself. If it goes before the ordinary Board of Referees, it will go before a board of admirable gentlemen who know nothing at all about shipping, and they may easily do very great harm to a most important branch of British industry. It would be quite possible for them to apply rules which might well apply in other circumstances and to make a very great blunder in regard to shipping companies. I understand the Chancellor of the Exchequer sees the possibility of that, and that he will do what he can to carry into the Board of Referees representatives of the industry who understand the question.

Mr. CHURCHILL: I did not say that. I said it would be done by Treasury Minutes, and not on the basis of Statutes.

Mr. RUNCIMAN: I was going to ask the hon. Gentleman how he would provide for that. If it is done by Treasury Minute it is not as permanent as though it were done by Statute, but, at all events, it is better than nothing. I thank

the right hon. Gentleman for having made that concession in the constitution of this tribunal.

But what is to be the effect of this upon business as a whole? The right hon. Gentleman said that the Act of 1922 applies to about 40,000 private companies; that there are 35,000 roped in under this and that 5,000 are left in doubt. Inquiries are made about them, to which we got no specific reply. The question raised by my hon. Friend the Member for York (Sir J. Marriott) was the question of the 5,000 who are or are not outside. I do not know whether the answer to that is that they are to be left entirely outside. Perhaps the right hon. Gentleman the Member for Central Edinburgh (Mr. W. Graham) has better information on that subject. I did not gather from his speech what his view was on the matter, but if we are to have anything like 35,000 more companies brought within the purview of this legislation, I can see no justification for leaving any out. If they are to be in, let them all be in. It would certainly be unfair to some of the concerns which are not depending upon the Stock Exchange to provide them with quotations for their shares, or on public subscriptions for providing them with their capital, if they are to be treated on a different basis from other concerns. Let me point out in passing that a very large number of business men in this country, particularly in the North, do not care to float their concerns in the ordinary way by advertisements in the Press and the circulation of prospectuses. They are not at all anxious to see their shares quoted on the Stock Exchange for the very good reason that they know that that gambling on the Stock Exchange has been one of the most pernicious influences in modern industrial life.

The case made out for bringing in the remaining number of the companies appears to be firing your artillery over a very wide area in order to catch a very small number of evaders. It is very remarkable that according to the statement of the Chancellor of the Exchequer to-day, as far as I can make out the calculation, under the 1922 Act, the Inland Revenue bagged only 180 evaders out of 40,000 companies. I expect a good many of these were of a very small type, and the fact is that the apprehensions which

[Mr. Runciman.]

have been aroused among all the remainder, for the sake of these 180, have been scarcely worth while. Yet I feel certain that if the Chancellor of the Exchequer were to spend the next twelve months conferring with business people in all the various types of industry which have been mentioned here this afternoon, he would be able to do all that is required without disturbing industry at all. One of the safeguards for which we are asking now—it is a comparatively small one in point of drafting, but it would have a considerable effect in easing the minds of business men—is that when the Inland Revenue come across any of these questionable cases, the fact to set them moving should be that reserves have been made with a view to the avoidance of payment. To use the words of the 1922 Act, they should move “with a view to preventing the avoidance of payment.” I understand the Chancellor of the Exchequer prefers having those words inserted later on, but if they are inserted later on, it means that a *prima facie* case is not that there has been anything done with a view to the avoidance of Super-tax, but that there has actually been an avoidance of Super-tax. We are advised that an avoidance of Super-tax would take place if half-a-dozen extra chairs were bought for the office, if there were any addition to the amenities of the staff or any one of a great many other things of that kind. That would be money actually used out of the revenue of the year and not, therefore, available for the calculation as to the Super-tax assessment. What we wish to have made clear is that we are not to have cases started against private or public companies which come within the purview of this Bill unless there is a *prima facie* case that they are doing something with a view to avoiding the payment of Income Tax. My right hon. and learned Friend the Member for the Exchange Division of Liverpool (Sir L. Scott) and I have put down an Amendment on that subject—in line 39, after the word “effect,” to insert the words:

“as if after the words ‘assessment to Super-tax there were inserted the words ‘a reasonable part of’ and”—

which would define more clearly what I believe to have been the intention of the

Chancellor of the Exchequer. I hope he will see his way to accept it. One thing that weighs with us, and must of necessity weigh with business men who have to go through their accounts very carefully in these difficult times and make wise provision for future liabilities, is that we do not know exactly what are the boundaries. Either owing to ingenious drafting or bad drafting—I do not know which it is—we cannot tell, even now, what the Bill means. The right hon. Gentleman the Member for Central Edinburgh said the boundaries were very vague, and I entirely agree with him. They are so vague that some of the companies do not know whether they are in or out. I quoted one very important instance. I can quote another of very great importance. There are a good many of the private banking houses in the City of London who are not at all certain that they will not be drawn into the purview of this proposal, and, as it stands, they cannot tell whether they are to be in or out. They have alliances in this country and outside this country, and they do not know how far this is to be carried.

If the boundaries are so vague, if it is impossible for a man to know whether he is in or out, is it not unreasonable that you should subject him, if he happens to make a mistake in judgment in deciding whether he is in or out, to the penalty not only of having Super-tax charged on the amount which has been improperly withheld in the judgment of the Court, but also on the whole of the gross profits of that year? That is, I understand, how the law stands at present. I can scarcely believe that was the intention of Parliament in 1922. At all events, it is a very severe penalty when the boundaries are so vague, and I suggest that the right hon. Gentleman, in improving the law, ought to improve it on that side as well as on the other. If he is now going to be more severe to the evader than he or his predecessors have been in the past, he ought to make it clear when it comes to penalties that he is not going to impose heavy penalties on those whose position is doubtful and who cannot ascertain their position until they have passed two or three tribunals. I make a plea to the Committee not to do anything which would endanger one of the first-class qualities of British

commercial concerns. It is a prime element of British commercial policy that good concerns build up solid reserves. Shipping companies, of which I have had some knowledge, have been almost entirely built up out of small capital and very large provisions out of revenue.

I could give instance after instance of tramp companies which started with one or two ships and, perhaps, £10,000 or £12,000 to £20,000 capital, and which had accumulated huge fleets up to the time of the War out of their surplus revenue. They were thrifty in the way they used their profits. Some went so far as to limit themselves to a distribution of profits of 6 per cent., and devoted all the rest of the money to increasing their fleets. They did a first-rate service for the British mercantile marine. Their policy was of great service to the shipyards and ironworks of this country. It enabled us before the War to build up a huge fleet. I could give from my own experience the cases of three tramp fleets with which I have been connected in one way or another. The first is that of Messrs. Hain's, of St. Ives. They started with a very small number of sailing ships and they transferred to steamers in the course of the change over in the seventies, and at the outbreak of the War they had no less than 50 of the best cargo ships in the country. Lord Macleay, who was a very well-known Member of this House, and was very highly respected throughout the shipping community, started with a small capital and the whole of his great fleet before the War was built up out of surplus revenue.

Then there is the instance—I hope I may allude to it with due modesty—of the firm which my father built up. It began in the smallest possible way, and at the time of the outbreak of the War it had 42 first-rate cargo vessels. Those vessels were not produced by constant flotations on the Stock Exchange, but were built up out of surplus revenue. These men one after another were so prudent and so careful that they did not divide their profits up to the hilt; they were satisfied with smaller incomes in order that they might increase their concerns. That was ultimately not only a matter of great profit to them, but of great advantage to the country. But for

these services and but for those great fleets, of which the three I have mentioned are only samples, we should have been in a sorry plight at the outbreak of the War.

Sir R. HORNE: The right hon. Gentleman the Member for West Swansea (Mr. Runciman) has made a most important speech, the weight of which I hope will be realised by the Committee. It goes directly to the Amendment in the name of my hon. Friend the Member for Watford (Mr. D. Herbert), an Amendment which I regretted to hear my hon. Friend say he was prepared to withdraw. It is an Amendment of the utmost importance, because the feature of this Bill which is struck at by his Amendment, is that it makes impossible the building up of those fleets to which my right hon. Friend the Member for West Swansea has referred. My right hon. Friend the Chancellor of the Exchequer appears to look with some derision upon that suggestion, but I would beg him to observe that what he proposes as a change in the Act of 1922 in this regard, falls outside of any ameliorating Amendment which he proposes to make to the Clause. By the Statute of 1922 it was provided that, in taking into account what was a reasonable distribution, regard was to be had to necessary current needs, to business maintenance and to development in the future. I paraphrase the words, but I think I convey more or less accurately what they imply. My right hon. Friend the Chancellor of the Exchequer proposes to alter that provision of the Act of 1922 by providing in the present Finance Bill that no longer shall you be entitled to take those things into account; that, in fact, in estimating what is a reasonable distribution you shall not be entitled to take into consideration anything that is being paid for the acquisition of property by the company or anything that is being paid by way of repaying the borrowings upon which you have built up the property of the company.

These are the very things about which my right hon. Friend the Member for West Swansea has been speaking, and the Chancellor of the Exchequer cheered his remarks. The right hon. Gentleman pointed out that these shipping fleets have been built up by men starting with very small capital. Probably they only had a portion of the capital required for the

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first ship, and they borrowed the rest. According to this provision, anybody who does that, in future will not be allowed to regard the repayment as part of reasonable distribution, as they were allowed to do under the Act of 1922. Under the three separate sub-heads of my right hon. Friend's proposal with regard to his new Clause everything is struck out which enabled the shipowner, in the position which the right hon. Gentleman the Member for West Swansea described, to build up fleets such as he mentioned. Apparently, my right hon. Friend the Chancellor of the Exchequer does not understand the process. Here is a practical method which to my certain knowledge was applied in the building up of one of the big fleets to which reference has been made. An individual shipowner with a small amount of capital—about 40 per cent. of what he required—borrowed the remainder, and he did so under an arrangement by which he was steadily and as rapidly as possible to pay off what he had borrowed. Surely that was good business? But according to these provisions the use of his revenue to pay off what he had borrowed would not be allowed. He would be regarded as evading Super-tax.

Let me give him a further example of what occurred only the other day. This is a case which has come to my knowledge. Last year a shipowner ordered four ships from the shipbuilder. He was to pay 50 per cent. in cash and the remainder over a period of six years. As the right hon. Gentleman the Member for West Swansea knows, that is a very common kind of transaction. An arrangement had to be made with the banks. The banks discounted bills in connection with this transaction, with the stipulation that there was to be no division of profits over a certain figure, and that all else that was made was to be devoted to paying for the ships which were being built. That kind of transaction can no longer occur under these provisions as I read them. Another transaction of the same kind was being initiated this year and has been abandoned owing to this Clause in the Finance Bill. I can give my right hon. Friend the Chancellor of the Exchequer another example which was brought to me personally to see if I could help. It is the case of a very important shipbuilding firm in this country which

requires large sums of money at the present time, unfortunately, owing to the depression in trade. One of their customers was prepared to advance them £350,000 in order to help them through this time of difficulty and trial, but when the Finance Bill appeared with this particular Clause which provides that you cannot pay off borrowed money as part of your reasonable distribution of what you have earned, they said, "This is no longer of any use; we cannot complete the transaction."

I do beg my right hon. Friend to appreciate what is involved in these Clauses, because I am perfectly certain that those who drew them have never understood or appreciated what the business results of what they have drawn will be. I, for one, do not at all assent to my hon. Friend withdrawing this particular Amendment, and I would go into the Lobby against the Government if I were forced to do so. I hope my right hon. Friend will really take into serious consideration what is involved in these provisions. I must observe that they lie outside any Amendment that he makes. It is apparently proposed that money borrowed and property acquired are not to be regarded as a proper charge against the earnings of a company, and if that is to be the policy of the British Government in an industrial country, I am very sorry for our industries.

Mr. HERBERT: If the right hon. Gentleman's interpretation of this Clause is correct, then I am entirely with him and should not wish to withdraw my Amendment, but it is only fair to say that my impression is that the construction he puts on this Clause is quite incorrect. It is very difficult to understand.

Sir R. HORNE: I cannot find anybody else who differs from the view I have of it, either legal opinion or lay opinion, and unless our minds can be very clearly satisfied upon this matter, and we can have such a statement from the right hon. Gentleman as will reassure us, we cannot, as a serious body of business men dealing with this problem, vote for it. At least, as far as I am concerned, my mind is clear. I pass from that to the speech of the right hon. Member for Central Edinburgh (Mr. W. Graham). There were two matters which he raised which, I think, deserve to be noted by

the Committee. In the first place, he makes it perfectly clear that from the view of his side of the House these provisions are not strong enough. Therefore, we get an idea of the way in which this Clause will be operated if we have a Labour Government, not merely in office, but in power. All my right hon. Friend's references to what the Labour Government did when it was in office, fall far short of what would happen if we once get a Labour Government in power.

He gave us a variety of instances showing how very little the Clauses had been operated by the representatives of the Treasury, and with regard to these gentlemen, I should like entirely to endorse what he says on the subject of their competence and faithfulness. I know of no body of men that more completely deserves the support of the country than do the representatives of the Treasury and the bodies of Special Commissioners who operate their business throughout the country. Of that I am assured from a very close and intimate experience of their work, but my right hon. Friend is making a mistake if he supposes that the Treasury officials have had time to do all that they might have done under the Clause. It is true that only a certain number of cases have been dealt with, but that has not been because it was all the cases with which they might have dealt, and I am afraid we should be living in a fools' paradise if we were to imagine that the operations of the future were going to be confined to the comparatively small proportion which have been dealt with during the last four years. This is a new enactment, and it has not been taken advantage of to anything like the extent—I speak on a subject of which I know—to which a very much larger staff might have operated it.

Mr. CHURCHILL: We are not adding to the staff.

Sir R. HORNE: But other Governments might think it well to do so, and we have some indication of the way in which they will look upon the powers conferred on the Government by this Clause. But there was another matter to which the right hon. Member for Central Edinburgh referred, and that was the evasion of taxation in this country. I agree that it is very considerable. I am also entirely

with him in his suggestion that the Report of the Commission, which sat to discuss the Income Tax, should be carefully gone through and all the various classes of evasion should be put together or, at least, in some document to show what is the real problem with which we have to deal. I am sure that every Member of this House, no matter where he sits, is eager to root out this kind of evasion that is going on in this country, because it is obvious that the innocent taxpayer has a very much heavier burden imposed upon him, I will not say by the frauds, but at least by the neglects of duty, which, as taxpayers, we see on the part of the evaders. That leads me to say that, although I was the author of the particular plan with which we are now dealing, or the initial stage of it at least, I am of opinion that we shall never really seriously achieve our object of stopping tax evasion along this particular line. My own impression is now that we are proceeding on a wrong assumption. All this legislation is on the assumption that somehow or other the putting of money to reserve is wrong and that we ought to watch the man who is putting money to reserve. But that is not where the wrong starts. It is by the use that is made of the reserve afterwards, and that is where we ought to tackle the evil. I heartily endorse the suggestion made by my right hon. Friend the Member for Central Edinburgh.

With regard to what the Chancellor of the Exchequer has said this afternoon, he was good enough to refer to me in several instances, and I quite recognise that if there is an evil, to a large degree I am the author of it. I do not seek to disguise it. I supported this plan in 1922, and perhaps I ought to stand in a white sheet, but I very early came to the conclusion, during the Debates of that year, that there was every probability of grave injury being done to trade if the matter was carried too far, and as my right hon. Friend, who has evidently gone into the old Debates, would realise when he read them, I ultimately came to a position in which the original plan was greatly whittled down and the whole arrangement was confined within the narrowest limits. For example, it was provided that the scheme should not apply to companies with more than 50 members, that it should not apply to any company that had ever issued a

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public prospectus, and that it should not apply to any company which was registered before 1914. The reason that that year was taken was this, that it was not until Super-tax became heavy in 1914 that the temptation to make this evasion really began, and it was thought that we should stop this tax dodging if we started the operation of this scheme in 1914.

I am still of the belief that that was a wise and proper method to adopt. But my right hon. Friend in the present Measure proposes or at least he originally proposed to extend it very much further because as his Bill was originally drawn it would have applied to many very large public companies. I could name a few if he liked, but he can think of some of them himself. It would have applied to some of the large public companies in this country whose control happens to be in the hands of five families or even less, and accordingly my right hon. Friend shifted his ground and put in a provision that it should not apply to companies in which the public have a substantial interest. I have no belief for the "Times" in this matter but the "Times" was right in describing his original Clause as a revolutionary proposal. It certainly was. It was a great interference with the life and method of management of some of the biggest companies in this country or it could have been if the Treasury officials chose to take action, and there was nothing to indicate that they were only to take action in the case of the real tax dodger. My right hon. Friend will remember that I put into the Bill for which I was responsible a preamble to the Clause to make it clear that it was designed to catch the tax dodger—I am not using the language of the Statute I need scarcely assure the Committee—but the Courts disregarded that preamble, and they said, the rest of the Clause was clear and that they had nothing to do with what the motive of the taxpayer was. I gather that my right hon. Friend opposite is anxious that there should be put in the body of my right hon. Friend's provision the fact that it should only be operative if the intention was to avoid Super-tax. As my right hon. Friend's new Clause stands at present the Special Commissioners would be entitled to take action and the Board of Referees to decide against the

taxpayer if—whatever his intention was—there was avoidance of taxation provided only that they thought a reasonable proportion of the revenue had not been distributed. I hope accordingly my right hon. Friend will take that into his serious consideration and try to put that aspect of the matter right. Obviously it would be intolerable to the business of this country if people who are managing large concerns were to have their policy dictated by any outside body no matter how competent. Imagine men who are applying all their time devoting all their energies to these problems being told by somebody outside no matter how clever that they need not provide against the contingencies they feared and in fact that they ought to divide much more of the money than they are doing. I ask my right hon. Friend to imagine how great the power would be in the hands of people who take a different view from that which we take of the merits of the conduct of industry by individual enterprise. There are people whose doctrine it is that the more the State interferes the better. Imagine them in the control of a power like this.

Mr. CHURCHILL: Even if it were true that the Special Commissioners could be superseded, how can the Government of the day influence the action of the Board of Referees.

Sir R. HORNE: These appointments fall to be filled up from time to time and one knows that all parties tend to put people in positions of that kind whom they know.

Mr. CHURCHILL: Whom they know and in whom they have confidence that they will do their duty, not that they will pervert it.

Sir R. HORNE: We must remember that this is a matter not of law but of individual opinion and discretion, and I venture to think that it would be a day of disaster for this country if ever we were to get to the stage at which the man whose duty it is to manage a business has that operation taken out of his hands by somebody else. I hope we are all going to stand firm on that principle and to say that whatever is done in this Bill this duty must not be taken away from the people who are primarily responsible. My right hon. Friend has departed from his attempt to include large

public companies or some of them and he has now provided that the Clause is not to apply to those companies in which the public are substantially interested but there still remain some very large private companies which will be subject to the operation of this Clause. I can think of one which has lasted now in this country for at least 80 years. I think there are four generations of families which have been associated with it and because of the family tradition and their pride in their business it has been as well managed as any company of which I know. It is one of the most important companies in Great Britain, but this company under my right hon. Friend's provision would become suddenly subject to this kind of inquisition if the Special Commissioners asked as to how they distributed their profits. I venture to say with regard to this company that it started with little capital and that the whole of its success and all of the employment which it has given and all the wealth which it has brought to this country have been built up through laying far more to reserve than under modern circumstances some members of the Treasury—and many of us perhaps—might think necessary. It is because they have denied themselves the use of these profits for their private ends that they are in their present position. Now this company may be subjected to this inquisition.

May I put this point to my right hon. Friend? He has used as a strong argument the statement that on the whole very few people have been caught, very few business people have engaged in the evasion of taxation. I think a statement was made that 128 had been brought before the tribunals and that 60 had been caught. I wish the Committee to observe that the trouble in connection with this matter does not lie entirely in being found out. The trouble lies also in the uncertainty which attends one of these inquiries. What is the position in which people stand during all the time this inquisition is being held? Think of the process which has to be gone through. First of all the Special Commissioners have to inquire as to the details of what the firm have been doing. Then the firm have to make a declaration if they think they have not done anything which would avoid the payment of Super-tax. There-

after the affair comes before the Special Commissioners again. The Special Commissioners are to consider the matter within 28 days, and thereafter, if they are not satisfied, they pass it on to the Board of Referees without any limitation at all as to the time within which the Board of Referees shall deal with the matter. While this process is going on, the firm do not know where they stand. Suppose the firm have a certain amount of revenue and have determined to use three-quarters of it in embarking upon some new equipment or some new machinery. All the time this inquisition is going on they do not know whether that sum will be at their disposal or whether it will not be, and all their operations during that period, whatever the period may be, are stopped, in reality, by the fact that they do not know whether the sum is going to be available.

Mr. CHURCHILL: It is not in any case the sum itself, but only the Super-tax upon the sum.

Sir R. HORNE: Certainly, but the Super-tax upon the sum may in certain instances amount to a considerable sum of money; and during the whole of this period there is that uncertainty. These are the things which are troublesome. I am one of those who desire to make every effort to stop evasion, but I would warn the Chancellor of the Exchequer that if we are on the wrong plan, as we may be, if we push this thing to extremes, the result to the revenue will be unfortunate. The proposals which the Chancellor of the Exchequer makes in his further Amendments are really not yet sufficient to meet the difficulties of the people who have to carry on the trade and industry of this country. I revert to the suggestion that the Chancellor should make it clear that the preliminary upon which any action shall be taken shall be that there is evidence of an intention to avoid the Super-tax.

My right hon. Friend referred to a remark of mine in a previous Debate in 1922, when I said that you cannot get inside the head of a taxpayer to discover his motive, but what you can do is to see by his previous practice whether, before this kind of question was raised, he did this kind of thing or not. That would be very good evidence of his intentions. Let us take the case of one of the shipping firms to which

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reference has been made. If it were found that in the course of that company's history they had always put large sums to reserve, in order to build up their fleets, then one could really come to the conclusion with complete certainty that they were not now attempting the business of tax evasion. I would beg my right hon. Friend to give way to this suggestion, and to meet many of us who are very much troubled about this matter. Another thing I would venture to put to him is that he should stand where we previously stood in 1922. I say that because I believe he is not going to get much in the way of revenue from any further extension of the period of time within which the Clause is to operate, and I say it also because I believe that during the next year we shall find it to be our duty and a necessity to stop evasion in some totally different way, rather, perhaps, according to the suggestion of my right hon. Friend the Member for Central Edinburgh than according to the plan upon which we are at present engaged. I believe there are many ways of avoiding even what my right hon. Friend is designing now. I can think of many already; and the Chancellor will find himself at the end of another few years in a position in which he has again to review the procedure. I do not believe that in this matter we are proceeding on the best lines, and I think we ought to start not at the point where money is put to reserve, but at the point at which the reserves are being nefariously used. With these reflections I venture to appeal to my right hon. Friend to give consideration to some of the suggestions which I have made.

MR. GILLET: I was surprised, in listening to the speech of the right hon. Gentleman, to note, after he had seemed to advise the Chancellor of the Exchequer not to proceed with the proposal because there was very little money in it, that a minute later he told the Committee that so much evasion went on that it would be necessary to attempt something on bigger lines in order to check this evasion, as was suggested by my right hon. Friend the Member for Central Edinburgh (Mr. W. Graham). It seems to me the right hon. Gentleman has been trying to prove too much this afternoon. In the first place, he has

been anxious to make us all exceedingly nervous about what is going to happen to various companies, and then there was his point about the real meaning of this Bill. I am not in the legal profession, and I do not want to enter into the dispute which the right hon. Gentleman had with the hon. Member for Watford (Mr. D. Herbert) as to the actual meaning of the Clause now before us. I prefer to draw the attention of the Committee to the real object of this Clause. When this question was mentioned in the House last year, and the year previously, by an hon. Member sitting opposite, no word of objection was raised to any action being taken, in fact, the Government were strongly urged by certain hon. Members sitting opposite to take action on those lines. I wish the Committee would recall the instances that were brought before us at that time by the hon. Member for South Salford (Mr. Radford). I think it is a most unfortunate thing that he and his friends have not come forward in reply to the newspaper campaign which has been carried on against the proposals made a year ago, which then had the support of large numbers of Members in the Committee. I very much hope he will not allow us to be turned away from the main point he has in view, and that is the question of preventing the evasion of taxation.

It has been my experience and I expect it has been the experience of other business men in the Committee, that taxation in connection with the companies has worked quite satisfactorily until there has come on the scene some of the very clever gentlemen who think they are going to score. A man appears who is trying to evade taxation if he can, running as near to the wind as possible; he wants to do the thing legally, and so he gets the very best advice he can. The Board of Inland Revenue get information like that which the hon. Member reported to us a year ago. Then what happens? In the action taken to prevent this astute gentleman from continuing his systematic evasion, a large number of other people are very much inconvenienced. Over and over again we have found that certain privileges which were granted have been withdrawn because of the abuse of them by men of this class; and it is because of what such men have done that in this case the

Government are introducing legislation which is going to impose certain hindrances and hardships upon other classes, and that people who are in no way attempting to evade tax are going to be made to suffer. If we listen to the right hon. Gentleman the Member for Hillhead (Sir R. Horne) we are to abandon, seemingly, the attempt to prevent these gentlemen from doing what they want. I agree entirely with the Chancellor of the Exchequer that the thing has gone too far already, and it is quite impossible for the Government to recede from the position they have taken up. Nothing is to be gained by giving way to this campaign, though I agree that there are certain dangers connected with the question before us, and also certain difficulties.

With regard to the wording of these proposals the right hon. Gentleman has taken it that this is an instruction to those who are going to administer the Bill when it becomes an Act, that in considering the income of any business all these things mentioned are to be considered as part of the profits of the business. I gather from the way in which the right hon. Gentleman spoke, that he wishes us to think that any money spent in these ways by any company would virtually become liable to Super-tax. But it seems to me that the words are not necessarily interpreted in this way, because in one of the Amendments which the Chancellor of the Exchequer has put down he speaks of a company paying "a reasonable part of its income for that year or period." I take it that really all this Clause is intended to do is to make it quite plain, when you are considering what that reasonable figure is, that this kind of expenditure will be taken into account. These various points have been included on account of these rather clever gentlemen, because of some of the one-man companies which are being formed. There have been a number of instances in the newspapers of people turning their private estates into companies, and then part of the income which they receive is used for these very definite purposes which are here detailed.

That is why the Committee have this question before them to-day, and are being asked to solve the difficulty of frustrating these gentlemen. The argu-

ment is that in frustrating these gentlemen the whole question of the amount of money which a business can put to reserve is to be put in the hands of certain officials. I confess I was very surprised at the right hon. Gentleman's reference to the appointment

6.0 p.m. by the Government of officials of this kind. It almost seemed to imply that such appointments were a kind of political jobs, and I venture to suggest that Ministers, to whatever party they might belong, would not readily agree with the description of the way in which these appointments are made. Personally, I should feel more confidence in Ministers, even of parties other than my own, than to imagine that they would make appointments on quite the lines that the right hon. Gentleman has suggested. I quite agree that this will bring before the Super-tax Commissioners the question of what amount of money should be put to sinking fund, and, if that is going to be done, it does open up a very big subject for the various concerns affected. The Chancellor of the Exchequer has already told us that 40,000 firms came under this provision, but it is perfectly well known that many of them have suffered no inconvenience from it whatever in the past. If this Clause is put into the Finance Bill, are we really going to have any greater difficulty in the future than we have had in the past in the case of those who obviously came in under the Act?

I should like to ask the Attorney-General in how many of the 40,000 cases to which the Chancellor of the Exchequer referred as coming within the previous Act, these companies escaped the net of the Super-tax Commissioners. I do not think that the Chancellor ever explained that point. He told us that 40,000 came in, but I gathered that the reason for making this change was the way in which certain companies could get out of it if they chose to issue a few shares publicly, or to increase the number of their shareholders, or in other ways. I should like to ask, also, whether some period of time could be put in whereby the companies concerned would know how soon they were likely to become liable to anything of this kind. A company makes up its accounts and pays its dividends, and it may be that a long time afterwards this question will be raised. I am not

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now discussing how long the negotiations may go on, but I think it would be useful if the Attorney-General would consider whether any limitation could be placed on the period of time within which, after the company has declared its dividend, the question might be raised, so that at any rate there might be some security in that regard.

When the hon. Member for South Salford raised this matter last year, I entirely supported the case that he was making out, and I wish to support it this year. I do not wish to run away from the position I then occupied simply because of the difficulties that there may be in connection with administration. I think that any of us who have had anything to do with the general administration of the Income Tax will agree that, if you are prepared to treat the Commissioners fairly, you will find that on the whole they will treat you fairly. The people who have most difficulty with the Income Tax Commissioners or the Super-tax Commissioners are those people who are trying all the time to play a game with them, and in whom they have no confidence. Looking at the whole question, and realising the position in which we are now placed, I think it is quite impossible for the Government to retreat. As the Chancellor of the Exchequer has said, it would only leave the way open to many people to evade taxation entirely, and it seems to me that it is only fair to those who are reasonably paying their taxation that we should do everything we can to see that those who are trying to get out of their fair taxation should be prevented from doing so. At the same time, I think it is evident that the Government have fully recognised the difficulties. I myself am inclined to hesitate a little as to the wisdom of the Chancellor's suggestion as to appointing certain business men to the Committee in answer to the request of the right hon. Gentleman the Member for West Swansea (Mr. Runciman). There is going to be a representative of the shipbuilding industry, a representative of the Stock Exchange, and so forth, but, after all, you cannot have all business interests represented on a committee of this kind, and, therefore, certain definite interests must be left out.

Mr. H. WILLIAMS: They could be appointed *ad hoc*.

Mr. GILLET: If the company with which I am concerned were going before certain Commissioners, I would rather that they should not be appointed in that way. I would rather not have my competitors in my private business sitting on the board before whom I should have to explain all the private affairs of my company. If the hon. Member had had as long an experience of business as I have, he might see my point. I do not think there is at all necessarily a sound argument in what the right hon. Gentleman said about the difficulty of understanding what these different terms mean as applied to different businesses. We shall have to depend upon the wisdom of the Minister in making the selection, so as to try and cover all the various aspects of business life, without saying that one man is representing one interest, another another, and so on. I hope the Government will stand firm on this matter, and will not give way before a newspaper campaign which does not fully recognise certain difficulties in the administration of a Measure of this kind. I think we should be satisfied that the Commissioners and the officials will administer this Bill in the very able way in which they have for so long administered these matters, and I hope that the Committee will be satisfied to support the Government.

Sir HENRY BUCKINGHAM: The last speaker, twice in the course of his remarks, referred in a somewhat depreciating way to the newspaper campaign through which this agitation has been carried on. Of course, it is only through a newspaper campaign that the public are able to bring their grievances to the notice of the powers that be, but, if the hon. Member's suggestion is that the campaign was organised by the newspapers, and is simply a newspaper "stunt," I can assure him that he is very much mistaken. I myself have had a very large amount of correspondence in connection with this matter, which has had nothing to do with newspapers at all, but which has come from chambers of commerce, great firms and companies, and so on, and I can assure the hon. Member that the agitation is not a newspaper "stunt," but a very genuine agitation indeed. So far, this Debate has been of a topsy-turvy character. The only people who have supported the proposals of the Chancellor of the Ex-

chequer have been members of the Socialist party. It was extremely interesting, when one was listening to the Chancellor's speech, to hear his analysis of the criticisms of the Clause cheered by members of his own party, while his defence of the Clause was cheered by the Socialist party.

Mr. WALLHEAD: That does not make it any the worse, does it?

Mr. MACQUISTEN: Not from your point of view.

Sir H. BUCKINGHAM: I was expecting to hear from the Chancellor of the Exchequer a more conciliatory speech. He certainly promised certain Amendments, but he made a very vague statement as to what he proposed to do to alleviate the public feeling of insecurity. He told us that he would be prepared to consider some other plan which might be put before him which would have the same effect in stopping the evasions that we all want to stop, and would at the same time be more acceptable to the commercial and business community. That, in plain language, is nothing more than the expression of a pious hope, and is not in the least helpful. I certainly understood that the Chancellor of the Exchequer was going to promise that this inquiry should not be conducted by some amateur body such as a Committee of this House or any other body outside who might consider the situation and make certain proposals to the Chancellor of the Exchequer, but that the inquiry should be an official inquiry, backed up by the help of the Treasury and with every assistance from the commercial and financial community, so that it would have some really definite and official result, and might possibly help to allay the feeling of insecurity which now exists. The Chancellor's suggestion was purely an expression of a pious hope that something or other would turn up which would be better than the proposals in this Clause.

Mr. CHURCHILL: No, Sir, it was much more than an expression of a pious hope. I pointed out that I should welcome any suggestions that might be made for dealing with this matter in a manner which would be more satisfactory to the business community, and which did not fail to achieve the pur-

pose we have in view. That necessarily implies that I should put no obstacle in the way of my hon. Friend or others working with him who might wish to study this matter, and that I would see that they got any assistance that they reasonably required in formulating their case in a proper manner. The statement which I made conforms to what I have indicated to my hon. Friend as the line that I should take.

Sir H. BUCKINGHAM: I do not think the Chancellor of the Exchequer was here when I made by earlier remarks. I was saying, before the Chancellor came into the Chamber, that the only sort of inquiry that would have any possible effect would be an official inquiry backed by the resources of the Treasury, so that, if any result came of it, and if any recommendation were made to the Chancellor of the Exchequer, it would be of an official nature, and would, therefore, help to alleviate the feeling of uncertainty which exists to-day.

Mr. CHURCHILL: I am sorry to interrupt my hon. Friend, but that is not what he said to me when he did me the courtesy of coming to see me on the subject. He did not mention an official inquiry at all, but asked that any inquiry that might be made by Members should not be denied a measure of assistance from the officials. That is quite a different thing from asking for an official inquiry, which would legalise the campaign of disturbance which has been going on throughout the year to the great detriment of the business of the country. Therefore, my hon. Friend is not really justified in suggesting that I have promised him an official inquiry. I have promised official assistance in so far as it may be necessary for any inquiry which he and any of his friends instigate.

Sir H. BUCKINGHAM: I asked for an inquiry of an official nature. That is clearly within my recollection. But, in the meantime—

Mr. WALLHEAD: Why come here with one tale and in private use another?

Sir H. BUCKINGHAM: In the meantime, as the Chancellor of the Exchequer remarks, there would be a great deal of uncertainty throughout the whole com-

[Sir H. Buckingham.]

mercial community. This Clause would be on the Statute Book and it would be exceedingly difficult to remove it, but, at the same time, if the Chancellor could promise to institute an inquiry of an official nature—I will not say an official inquiry, if he objects to that term, but an inquiry assisted by the Treasury, and with the assistance of representatives of the commercial and financial world—I believe it would be possible somewhat to relieve the anxieties of the commercial and business community. But it would be better still, of course, as the right hon. Gentleman the Member for Central Edinburgh (Mr. W. Graham) suggested, to treat the whole matter as one and, instead of taking it piece by piece, institute a general inquiry to see if it is possible to arrive at a method of preventing evasion. If in the meantime he would postpone the action of these Clauses, he would satisfy public opinion and relieve his political followers very considerably.

Mr. W. GRAHAM: The hon. Member has attributed a statement to us which is very misleading. I did not suggest any further inquiry. In point of fact, all the material is now at our disposal. What I suggested was a simple collection of that material.

Sir H. BUCKINGHAM: We have all the material and, therefore, we are in a position to have a general inquiry. I think the Chancellor of the Exchequer knows perfectly well that if he gets these Clauses, he will get them for political reasons and not upon their merits. I have not the least doubt that this and another Clause we shall be discussing presently are detested by the industrial community and by a large number of his political supporters, and if they do not vote against them the reason will be that some of us believe it would be a still greater disaster that the Government should be defeated on this Clause, with all the constitutional results which would follow, than that the Clause should be put into force, with the possibility of something better being evolved before it comes into actual operation.

Why is the Clause so detested? Several remarks have been made to-day about the Civil Service. The Chancellor himself, the right hon. Gentleman the

Member for Central Edinburgh, and my right hon. Friend all spoke of the Civil Service in the highest terms, but there is not the least doubt that there is a general feeling that the increased powers that are given year by year to the bureaucracy are a matter of danger to the community. I have pointed out ever since I have been in the House the gradual increase of powers given year by year to the Civil Service in the matter of the Inland Revenue. Under this and other Clauses very largely increased powers are being given, and I think it only my duty to point out once more that these increased powers will become a real menace, and it is the duty of the representatives of the people to oppose it. That, I believe, is at the bottom of the whole of this agitation, the detestation of the idea that either members of the Civil Service or any other outside body should have the right to interfere with what, after all, is the primary duty of directorship of companies, the wise allocation of profits. Under this Clause that power is considerably enlarged and extended to a much larger section of the community than before, and until the public is satisfied that the powers of the bureaucracy are not to be further extended I believe this agitation will continue.

The second objection which the commercial community have to the Clause is that it is vicious in its very essence. It encourages principles of finance which are entirely opposed to the sound principles of thrift and wise management which have built up our British industry and enabled many firms to survive the difficult period they have gone through. It not only discourages them, but penalises those who practise them. Can there be any more vicious principle than to encourage this spendthrift manner of disposing of profits and discouraging the principles on which the whole foundation of British prosperity rests? There are many of us—I am one of them—who, if they or their fathers had not practised these principles, if they had adopted the spendthrift policy which this Clause forces upon directors of companies, would not be here to-day. I seriously invite hon. Members on the Socialist and Liberal benches, many of whom take a

real interest in the prosperity of British trade, to say whether they are in favour of this policy of practically forcing directors of companies to divide up to the hilt the profits they have made or to pay heavy taxation upon them. I consider it quite unsound and entirely vicious in principle. The third reason is that the Clause is so utterly ill-considered. The Amendments the Chancellor himself has put upon the Paper are quite sufficient evidence of that. I believe the general opinion of hon. Members also proves it. If the right hon. Gentleman had instructed his officials to produce a Clause which could be easily evaded and would cause irritation, he could not have been better served.

For the reasons I have indicated, the Chancellor may get the Clause, but I hope before the Debate finishes he will see the wisdom of accepting certain Amendments which will make it less offensive than it is at present. I appeal to him to accept one Amendment which will remove the penal aspect of the Clause. Anything more vicious than to penalise a man for effecting savings I cannot understand. The result of this penal Clause is extraordinarily quaint, to say the least of it. A company is found guilty, we will say, of having put £100 or £1,000 more to reserve than the Commissioners or the Board of Referees approve, with this extraordinary result, that the Board of Referees will have no option except to say the company must pay the extra tax on the whole of its profits, including actually that part which they themselves say ought to have been put to reserve. It is so ridiculous that I believe the right hon. Gentleman, if he considers that aspect of it, will accept the Amendment. I have made these remarks because I felt it my duty to do so. I think there are many of us who would like to vote against the Clause. I dare say there will be a great many who will, but I am hopeful that after the right hon. Gentleman has heard all that has been said he will either withdraw the Clause altogether or postpone its action for at least another year or make some statement which will justify those of us who would like to vote against it in not doing so. The matter is entirely in his hands. If he forces it through Committee, it will be done with the help, not of Government supporters but of the Socialist party.

Mr. RADFORD: I have no doubt all hon. Members have noticed the statements that have appeared in the Press in the last few months with regard to the provisions in this Bill, and the ludicrous nature of some of the statements. After listening to some of the speeches to-day, even at the risk of appearing to show undue disrespect to the opinions of some other hon. Members, I am bound to say the misapprehension with regard to these provisions seems to extend even to the Committee itself. The right hon. Gentleman the Member for Hillhead (Sir R. Horne) spoke as if, with these provisions passed, it would be impossible for any company to accumulate reserves. The right hon. Gentleman the Member for West Swansea (Mr. Runciman)—I am speaking of two of the best informed Members of the House—explained how not only shipping companies in which his own family are interested, but other shipping companies, made very small beginnings, but, by setting aside their profits to reserve, have managed to grow into huge concerns and the individuals interested from small men into men of great wealth—absolutely most valuable work for the country and the commercial community, but their annual savings have escaped Super-tax. May I remind the Committee of the position of the different Super-tax payers? Highly salaried officials pay Super-tax on every penny piece, in excess of £2,000, of their remuneration. Professional men pay Super-tax on every penny piece of their incomes in excess of £2,000, and so do the proprietors of or partners in private firms. Shipbuilding firms have been mentioned. When Harland and Wolff started in Belfast as a private firm, I have no doubt that they did not draw out their profits and live in a big style. They built up, and if they had continued as a private firm after 1909, when Super-tax was first imposed, they would have been charged Super-tax on the whole of the earnings of their business. They are not allowed any allocation to reserve whatever.

In Clause 29 there are to be limitations on the items that may be charged against profit and loss account as an excuse, or reason, for the non-distribution of profits, and we have this outcry. I have had cases brought to me in perfect good faith calling for an answer. One is the case of a man who started in a manuf-

[Mr. Radford.]

facturing business a few years ago, a small limited company of which he is the sole proprietor. He is making £5,000 a year but he had to borrow the whole of the capital required to enable him to start. He has rigidly limited his drawings to a few hundreds per annum, and has applied the rest of his £5,000 a year profit to the payment off of these liabilities. "Now," they said, "here is a case. He may become liable under these provisions and be called upon to pay Super-tax, and thus be prevented from carrying out his obligations by paying the debts he owes." This was no doubt a reasonable and plausible case. But what are the facts? Assuming that the Special Commissioners choose that man as one who is improperly failing to distribute a reasonable proportion of his profits by way of dividends, that they establish their case against him, and that he appeals to the Board of Referees, and they give their judgment against him, and he has to pay, the serious amount he will have to pay will be £231 5s. That man with £5,000 a year profit will be mulcted to the extent of £231 for Super-tax. Is that going to prevent him from carrying out his obligations?

I have had another case put to me of a private company owned by five men making £24,000 a year. It has been arranged between them that they shall only distribute by way of dividend a dividend of 6 per cent., which comes to less than £2,000 a year. We assume that their case is brought up by the Special Commissioners and that judgment goes against them. Assuming that these five men are equal partners or equal proprietors of the shares, how much of this £24,000 a year is going to be taken from them by way of Super-tax? In the neighbourhood of £1,100. It is absolutely ludicrous for hon. Members to rise here and say that these proposals are going to paralyse industry. Supposing a young professional man buys a practice, and he borrows money from his bankers or from others to enable him to purchase the practice or a share in a practice. He borrows £10,000 and he makes £3,000 a year out of the practice. But as he wants to pay off his indebtedness, he lives on £500 and places £2,500 a year, or wishes to do so, in redemption of his indebtedness. Is there any question as to whether the Special Commissioners will

pick his case out for notice? Is there any question that he may possibly succeed in winning his case if they take his case before the Board of Referees? No. It does not arise at all. Such a man is assessed for Super-tax on £3,000 without regard to his indebtedness.

Mr. MACQUISTEN: May I ask my hon. Friend if he will not be allowed to charge the interest he has paid on his loans?

Mr. RADFORD: My hon. and learned Friend has asked me that question. I do not wish to weary the Committee with details, but it must be borne in mind that such companies equally have to pay interest on their loans and that fact has to be taken into account as a charge against their profits. There are improvements in this Clause which might possibly be effected, but, for my own part, I welcome these provisions most wholeheartedly, and I should like my right hon. Friend the Chancellor of the Exchequer to know that at any rate on this side of the Committee there are some of us who welcome them wholeheartedly. I think that the direction in which some improvements are essential is with regard to appeal. The provisions of the Finance Act, 1922, are rather peculiar. Sub-section (1) of Section 21 of that Act says

"Where it appears to the Special Commissioners that any company to which this Section applies"

has failed to distribute a reasonable proportion of its profits by way of dividend, it shall have this power to bring the matter into question. Schedule 1 of that Act provides for certain details with regard to management of the matters arising in the Section, and it provides at the beginning that

"A company which is aggrieved by any direction given under Section 21 of this Act may appeal to the Special Commissioners against the direction."

That seems to me to be rather a peculiar position. The Special Commissioners of Income Tax are those who take the initial steps against the taxpayer, and if he is aggrieved he has to appeal to the same Commissioners. He appeals back to them, and asks them to reconsider the decision to which they have previously come, but, failing any satisfaction, then there are the Board of Referees who are appointed by the Treasury. I would sug-

gest to my right hon. Friend that to allay all possible, reasonable fears on the part of the commercial community, it would be advisable that the Board of Referees should not be some nebulous body the composition of which is unknown to the commercial community, but that the composition of the Board should be made public and that they should be a body of men whose impartiality and ability to adapt themselves to the varying circumstances of the different cases should be absolutely beyond question.

I must admit that when my right hon. Friend made his speech, which he said he hoped would be reassuring to the Committee, it was reassuring to me in that he said he was not going to see this Clause vitiated. He would agree to various reasonable Amendments, but he would not agree to the life and strength being taken out of it. I must admit that I did not find it reassuring when I heard him give the example of companies who are making anywhere in the neighbourhood of £25,000, £30,000, or £40,000 a year, and who are applying the whole of their profits to the extension of their businesses, that they were held, when the Commissioners brought forward their cases, not to be liable to Super-tax because their profits were being used for extensions. One of the cases given was that of wholesale clothiers' shops that made profits somewhere in the region of £40,000 which were being utilised for extensions. There is no end to that principle. It is possible to start with nothing, and as long as your income can be used for extensions gradually building up until you become a millionaire, and be free from Super-tax throughout the period.

I must admit that my right hon. Friend, while reassuring a great number of Members on these benches, did not reassure me in that respect. It has been stated that this is a raid upon industry, and that it is a further means that is being given to the Inland Revenue officials to screw more money out of industry. It is nothing of the kind. The same amount of money will be raised by way of Super-tax when this Bill becomes law as was raised before, but the burden of it will be more equitably spread over those who ought to pay it. I trust that my right hon. Friend will stand firm, and will not give way on this

Clause in any respect that will prevent it from achieving the purpose for which it was designed.

Sir HILTON YOUNG: The hon. Member who has just sat down made a very interesting and courageous speech, although, at times, he caused me to wonder whether he quite realised the width of the area which might be affected by this legislation or the gravity of the apprehension of those who were affected. Indeed, in contending that all those who ought to be liable for Super-tax should be brought in, it appeared to me that he was somewhat begging the question at issue to-day. Let me, in the first place, range myself with those who show no disposition whatever on this matter to attack the officials of the Inland Revenue. On the contrary, it appears to me that the duty of the officials of Inland Revenue is most admirably discharged. It is their duty to suggest to the Government, and the House of Commons, as severe legislation as they possibly can suggest to fortify the revenue system of the country. That is their duty. It is the duty of the Government to say whether the proposed legislation is in accordance with the general interest, and it is our duty to criticise and, if possible, to amend that legislation. But, if anything goes wrong with the revenue legislation of the country or the revenue administration, the responsibility and fault are entirely those of the Government and of the House of Commons, and not at all those of the officials of Inland Revenue, who simply administer the legislation given to them to administer.

It has appeared to me in the course of this Debate that a great deal of argument has been due to a profound doubt and uncertainty in all our minds as to what really is "evasion" of the tax. It is very difficult indeed to give any precise meaning of that word, and I view with a good deal of doubt the particular Amendment proposed by the Chancellor of the Exchequer which will throw upon those affected in this matter the burden of making out a case as to whether they have been avoiding taxation or not. That, it appears to me, is a very difficult task to discharge. It avoids taxation when one fails to earn as much as he might, but that is a perfectly legitimate form of avoidance.

[Sir H. Young.]

It seems to me that the logical outcome of some of the provisions in this year's Bill would be that the Special Commissioners should be able to say to the taxpayer: "You are not earning as much as you might. You are idle; your earning capacity is greater than your earnings and we will assess you on that." That is, of course, a *reductio ad absurdum*.

The importance of this Debate is that we are engaged in constructing legislation which is in course of evolution. No one hopes for one moment that this will be the last that we shall hear of this matter in Finance Bills. We shall have more clauses on this matter in future years. It is, therefore, of extraordinary importance that we should get legislation on to the right lines, and that we should not trust, as some hon. Members opposite argue that we should trust, to Ministerial statements in the House or to the hopes of reasonable administration. When one is actually in the course of evolving legislation year by year in the House of Commons, it is important that we should direct the evolution on to the right lines. It appears to me that in this matter our legislation has taken a turn in the wrong direction. I may, perhaps, say that with some sense of responsibility, because behind the broad shoulders of my right hon. Friend the Member for Hillhead (Sir R. Horne) I had a minor Ministerial responsibility in this legislation in 1922. But one does not always make correct deductions from first beginnings. My right hon. Friend the Chancellor of the Exchequer has proposed to us that we should leave this matter for a year and see whether it is possible to arrive at some better scheme of legislation.

Mr. CHURCHILL: No, Sir. I have not proposed anything of the kind. I propose that the proposals put forward and the Amendments accepted shall be the decision of Parliament. There the matter shall remain for a year, and if in the interval a better scheme can be provided I shall be glad to adopt it.

Sir HILTON YOUNG: If you please. My phrase was a loose one. We should leave the matter as it stands in the Bill as amended, and see whether, in the course of a year, we can arrive at some better scheme. In view of this possibility for the future I want to make a sugges-

tion as to the lines it will be necessary to follow to turn legislation back into the right direction. It is this. It is, in the first place, recognised as an admitted principle, that saving money and putting it to capital purposes is a good thing and a public service and ought to be encouraged. If one accepts that principle, and, I think, we are all prepared to accept it, we should not look upon a person as evading taxation who honestly and in a beneficial manner applies his money to capital purposes. I would go further and say, that even though the motive of the parties concerned may be not to pay so much Super-tax as they otherwise might, if they save money and put it to capital purposes, one ought not to consider the motive but ought to consider the result.

The practical consequences that would follow from that are, that one ought to abandon this attempt to define the sort of company that comes within the purview of the Act. It is leading us to artificial and impracticable formulæ of legislation. You cannot find a clear and workable basis in attempting to define the sort of company which should come within the purview of the Act. We ought, further, to abandon the attempt to impose an authority which can dictate to a business undertaking what shall or shall not be put to reserve for capital purposes. That is what excites the protests of the business community. We recognise that in the agitation which has taken place over this matter. If that be so, and if we are to abandon those attempts, what principle are we to substitute? I believe that the principle has emerged perfectly clearly in our Debate to-day, and most clearly in the instances which have been given to the Committee by the Chancellor of the Exchequer. What we should do is to say not that one is evading Super-tax who honestly saves his money and puts it to capital purposes, but that one is evading Super-tax who, by a subterfuge, is getting his money back into his pocket and not putting it to capital purposes at all. The Chancellor of the Exchequer will recognise that all the instances which he gave to the Committee of the sort of tax-dodger we all want to "round up," were instances in which the party concerned was actually getting the money back into his own pocket. He was getting it back by repayment of loan, or some

subterfuge of that sort. He was getting it back under his own control and not putting it to capital purposes.

Let me follow this matter up by steps, because it has a very wide and very deep application to our Income Tax system. As regards ordinary Income Tax, as the Committee well knows, all funds of a company are subject to ordinary Income Tax which are put to reserve, if they are beyond what is necessary for depreciation and maintenance of the business. That is a weak point in our Income Tax system. I have sometimes argued that we ought to have a differential rate of Income Tax as regards sums put to reserve. The ideal might be to exempt them altogether, but that is a very distant and remote ideal. If that be a weak point in our Income Tax law, although we cannot for revenue reasons exempt these funds put to reserve from ordinary Income Tax, we ought to be most reluctant to take a step forward and place upon money which is saved and put back into industry the fresh burdens implied in subjecting it to Super-tax. I believe that what is at the bottom of the very lively apprehensions expressed on this occasion is an apprehension lest we are marching steadily forward in the direction of subjecting this particular form of good social deed, the saving of money universally over the whole of its area, to the burden of Super-tax as well as that of Income Tax. That the common sense of the country is reluctant to do. One ought so to act on this principle, in evolving a more satisfactory scheme, as to refuse to consider the form of the company or the amount of funds that are put to reserve and to say that we will accept as our test of what is evasion, not how much money is saved and put to capital purposes, but whether the money is actually received back by the party concerned. They should make it liable to taxation.

There is a difference of opinion between the hon. Member who moved the Amendment and the Chancellor of the Exchequer as to the nature of the further inquiry into this matter which should take place in the following year. My hon. Friend said that in the Committee which he desired he wished to have the assistance of the great volume of official knowledge, without which very little can be done. The Chancellor of the Ex-

chequer, as I understood him, does not desire to promote doubt by making it an inquiry by the Government or by officials. Might not these two ends be met by making the inquiry an inquiry by a Select Committee of this House?

The ATTORNEY - GENERAL (Sir Douglas Hogg): Perhaps it will be for the convenience of the Committee if I endeavour at this stage to deal with some of the points which have been raised in various quarters of the House. I think I can clearly start from this standpoint, that all Members of the House, to which ever political party they may belong, are agreed in their desire to put a stop to what is conveniently called the evasion of taxes. As has been pointed out by the right hon. Member for Central Edinburgh (Mr. W. Graham), there is, legally speaking, no such thing as the evasion of taxes. Either you are within the purview of the Act of Parliament, in which case you must pay, or you are outside it, in which case Parliament has not decreed that you are liable to pay. Therefore, you are not evading a tax, legally speaking, if you so arrange your affairs that you are not hit by the words which the Taxing Statute uses. Whatever may be the legal view, a good many of us, at any rate, have pretty strong opinions as to the morality of so arranging your affairs as deliberately to avoid bearing the share of that burden of taxation which Parliament intends should be borne equally by all the citizens in the State. Therefore, it is not an inconvenient phrase to speak of the "evasion" of taxation.

The dispute which has been argued about this evening is not with regard to the desirability of stopping evasion, but with regard to the question, the very important question, whether this Clause effectively stops evasion, and whether it interferes unduly with legitimate business enterprise. These are the matters to which I wish to address myself. The right hon. Member for West Swansea (Mr. Runciman) said that having regard to the small number of companies which had been brought within the purview of the Act of 1922, he doubted whether it was worth while to attempt to make the extension of Section 21. My right hon. Friend the Member for Hillhead (Sir R. Horne) gave the answer when he pointed out that, although comparatively few companies have been brought within the Act of 1922, there are a number of others

[The Attorney-General.]
—the precise number I cannot give, although I have been asked for it, because we cannot get the information until this Act becomes law—which are doing the same sort of thing as is aimed at by the Act of 1922, and which have so far succeeded in doing it in such a way as to keep themselves just outside its provisions.

I do not want to weary the Committee with instances, but there are two which came within my personal knowledge because they were cases in which the Crown unsuccessfully attempted to stop the fraud. I was the advocate who failed in that endeavour. There was one case in which two brothers, directors of a large company, and controlling that company, had borrowed sums which, I think, aggregated to something over £100,000, from the company for two or three years, thereby avoiding the necessity for declaring dividends and, of course, the monies they so borrowed were not income. [HON. MEMBERS: "Were they Scotsmen?"] I do not wish unnecessarily to identify them. Then, as directors, they released themselves from the debt. We said, "This is really too obvious a fraud." The successful answer was, "The release is not valid, because we cannot legally release by resolution of the directors. The only way we can get out of our liability is by winding-up the company, and it has been decided that in the winding-up of a company the distribution is not income and, therefore, not liable to tax."

There was another case in which a gentleman who controlled a company, in the month of March of one year capitalised £100,000 of profits, paying practically no dividend, and applied that sum in paying out in full debentures to that amount. The debentures were then issued as a bonus to the shareholders, which was himself, in the month of March, and in the following month of May, so as to get into another Income Tax year, the debentures were redeemed at par. It was said that this gentleman had received no income; that he had in the first year received merely a capitalised sum which the company had validly capitalised, and that he had in the second year merely received payment of a capital debt owing by the company to him. That is the sort of case which is not covered by the Act

of 1922 and which I think every hon. Member will say ought certainly to be stopped. Therefore, we start with this assumption that there is a case which has to be met. If it is a case which needed to be met a year ago, it needs far more urgently to be met to-day in view of the cases to which I have referred, cases which have appeared in the Press, instances which were given last year and instances which have been given to-day by the Chancellor of the Exchequer. Those instances have called the attention of everybody who desires to avoid payment of Super-tax to the possibility, the easy possibility of doing it, and if Parliament having had its attention directed to this form of evasion takes no step to put a stop to it, then indeed we can expect a very large increase in the number of persons who will take advantage of devices of this character.

We all desire to stop tax-dodging—evasions of Super-tax; and we are agreed that something has to be done, and done urgently, to put a stop to it. That does not cover all the ground, because one still has to see how far the proposals which we have brought forward are adequate to remedy the evil, and also we have to see that they do not unduly interfere with business. I would like to call attention to the main alterations effected by Clause 29 in the existing law. There is an alteration, first of all, in regard to the class of company which is included within the purview of Section 22, and the substantial alteration, when we have taken into account the Amendments which stand in the name of my right hon. Friend, is that we include companies which were formed before April, 1914, whereas previously any company formed before April, 1914, was automatically excluded from the Section. The right hon. Member for Hillhead has urged that we ought to maintain that exclusion, on the ground that before 1914, when taxation was less heavy, it is probable that there were no cases of companies formed for the purposes of evading taxation. I agree with him in that, but I do not quite agree with him in his conclusion, because the question is not whether the company was originally formed with a view to evading Super-tax. The ques-

7.0 p.m. whether the company was originally formed with a view to evading Super-tax. The ques-

tion is whether the company is now being used with the object of evading Super-tax. In fact, hon. Members may know that companies which were formed before the year 1914 and formally registered and incorporated, and which have never done any effective business in their lives, are actually hawked about and sold for a considerable sum to various ingenious people who wish to use them for the purpose of evading Super-tax—and there can be no other object in buying these companies—and who know that by buying a company incorporated before April, 1914, they put themselves safely outside the Act of 1922.

Sir R. HORNE: The President of the Board of Trade can and is controlling that now.

The ATTORNEY-GENERAL: No. He cannot effectually prevent it. My right hon. Friend says that the President of the Board of Trade can control it. I do not know how he can stop a company which had been legitimately formed and incorporated under the Companies Act being acquired by any person who chooses to buy its shares, or whatever they are—and there are probably only one or two pounds issued. As my right hon. Friend the Chancellor reminds me, all these instances which he gave and which I think must have very much impressed Members of the Committee, are instances of companies formed before April, 1914, so that I do not think there can be any doubt that there is the need for the extension to which I have alluded, nor can there be any logical objection to these companies being put in the same position as companies incorporated at a later date.

The other direction in which we have made an alteration is in the provision which stops that kind of tax dodging to which my right hon. Friend called attention and to which I have referred, namely, the provision under which it is no longer possible to escape liability to Super-tax by the device of either making loans or purporting to sell your business to a new company on terms of being paid so much a year, either in instalments of the purchase price or in redemption of the capital debt. It is quite a common device to sell your assets, say, for £100,000, to a company, to be payable in 25 instalments of £5,000

each. Your assets which are worth £100,000 bring in £5,000 a year. You continue to get your £5,000 a year, but you get it as instalment of the purchase price, and so it is not income and no Super-tax is paid on it. That is the sort of thing which is to be stopped and which I submit fully wants stopping. But then, it is said, quite sincerely I think, that the real effect of this Clause goes a good deal further, and it is suggested that it will stop, for instance, the sort of case given by the right hon. Gentleman the Member for West Swansea of the ship-owning company which necessarily and rightly builds up reserves in order to meet the fluctuations of business and in order to increase its fleet as the old ships get worn out. The Government feel confident that the Clause, with the Amendment which we are putting down, will not in any way interfere with a business of that kind. We agree entirely with the right hon. Gentleman that it ought not to be possible, and we believe it will not be possible under this Clause, to prevent the devotion of any sum of money for the proper development or maintenance of the business which the company is carrying on.

My right hon. Friend the Member for Hillhead differed from my hon. Friend the Member for Watford (Mr. D. Herbert), because the right hon. Gentleman said that, as he read the Clause, with the earlier Act, any payment on account of property acquired by the company would be treated as income, whereas my hon. Friend said he read the Clause as excluding the payment of such sums, i.e., the purchase price agreed to be fixed for the acquisition of the property or undertaking of the company. The Government view is that the hon. Member for Watford is right about this matter. Certainly, I say, unequivocally, our intention is only to deal with such a position as my hon. Friend alluded to, and certainly we do not intend to interfere with the sort of case given by my right hon. Friend the Member for West Swansea. The right hon. Gentleman was reinforced by the right hon. Gentleman the Member for Hillhead and since he assures me that he, as a very learned Member of this House, and friends of his really think that the words are capable of the construction which he puts upon them, we will do our very best, by some

[The Attorney-General.] appropriate language on Report, to make it perfectly clear that only the case which we have in mind, and which I think is covered by this Clause, shall be, in fact, affected by it. I think the fallacy of my right hon. Friend was in not noticing that the words were:

"payment for the business, undertaking or property:"

acquired by the company. That does not mean payment for any ship or property acquired by a company. It is only the purchase of the business which is acquired by the company. I do not wish to thrash the matter out now.

Sir R. HORNE: I shall be very much obliged if the right hon. and learned Gentleman will say what is the language in this Section which will restrict this matter, as he wishes, to deal with the acquisition of the business acquired. The business might be a single ship, which is paid for partly in money and which would be distinctly struck at by the Clause, as I read it, and all similar undertakings are in exactly the same position under the Sub-section. I wish he would be content with the last paragraph (b) which says:

"Any sum expended or applied, or intended to be extended or applied, in pursuance or in consequence of any fictitious or artificial transaction."

That would cover the whole category of things he is referring to and would prevent him laying down what we think is one of the worst principles any Government could lay down, namely, as to the way in which you are to deal with your profits.

The ATTORNEY-GENERAL: I think the right hon. Gentleman will remember that that very phrase, "artificial transaction" was attempted to be used in the 1915 Act, or in an earlier Finance Act, and in practice it proved almost wholly ineffective, because it was almost impossible to prove that the transaction was not legally a genuine one, although the motives which inspired it might be anything but lawful, and, therefore, that phrase by itself I am afraid would not do.

Sir R. HORNE: I am sure the Attorney-General could find other phraseology which would be adequate.

The ATTORNEY-GENERAL: I hope we shall do it. I think the right hon. Member will remember that the proviso of Sub-section (1) of the Act of 1922 is still operative. It is the proviso:

"That in determining whether any company has or has not distributed a reasonable part of its income as aforesaid the Commissioners shall have regard not only to the current requirements of the company's business but also to such other requirements as may be necessary or advisable for the maintenance and development of that business."

Mr. D. HERBERT: If the Attorney-General will forgive me, he did not entirely meet or correctly state my view. He has hit on the exact point now. He says those words are in operation now. If he will look at the top of page 16 in the Bill, he will see that Clause now provides that such sums shall be regarded not as having been applied or being applicable to the current requirements of the company's business, but he knows that on that I raised a question and put down an Amendment, because although I quite agreed with what I supposed to be the intention of the Government, I think these particular words "and not as" are liable to misinterpretation.

The ATTORNEY-GENERAL: I think the object which the Government certainly had in view is met by the fact that you only exclude such payments as are payments for the business, undertaking, or property acquired. At any rate, the intention is that we shall cover only the case of the man who is selling the business of the company on terms of being paid either by instalments or by redemption of debentures and who says what he has received is repayment on account of the purchase price and therefore not income. If necessary, we will see that these words are framed so as to meet the objection, and I hope that will ease the mind of my right hon. Friend. Then there was the point made by my right hon. Friend the Member for Hillhead in which he said he was very anxious to have words inserted so that before the Commissioners can apply they must have grounds for believing that what is being done is being done with a view to the avoidance of Super-tax. My right hon. Friend has forgotten what he himself said when a similar Amendment was moved in 1922. He said this:

"The intention to evade is the important thing, but you never can discover intentions

except by overt acts. You cannot get inside a man's head, as has often been said on the Law Courts, and discover what his motive is. You can only interpret his motives from what he does."—[OFFICIAL REPORT, 27th June, 1922; col. 1909, Vol. 155].

That view was very powerfully reinforced in the Law Courts in the case which I think my right hon. Friend had in mind when Lord Sands said:

"Human motives are obscure and difficult of ascertainment and sometimes conjectural, and their ascertainment cannot appropriately be allowed to enter into the matter of the collection of the public revenue."

So there is a view which reinforces my right hon. Friend's Parliamentary assertion. I think we are going a good way towards meeting my right hon. Friend's difficulties, because he pointed out, and correctly so, that in the 1922 Act the reference to the evading of Super-tax appeared only in the Preamble, and it had been said that on that account it was not part of the operative language of the Act. My right hon. Friend will remember that in the Amendment which the Chancellor of the Exchequer is moving the reference to avoidance of the payment of Super-tax is inserted as part of the operative Clause and, therefore, although the Government cannot accept an Amendment which makes it necessary for the Commissioners to be able to say that they know before they have made an inquiry into the facts—and that is the stage at which they are called upon to act—that what has been done has been done with a view to the evading of Super-tax, it is possible, as soon as the Commissioners make an inquiry, for the directors of the company to make a statement that there has not been, and will not be, any avoidance of the payment of Super-tax through the failure to distribute a reasonable part of the income. The matter then goes to the Board of Referees, and, unless they show a *prima facie* case is made out there is no further inquiry. Therefore, I think a great deal has been done to meet my right hon. Friend's case, for, although we cannot interpolate motives into the Act of Parliament for the reasons he himself gave and which Lord Sands has reinforced, we do bring in the question of the avoidance of Super-tax at the earliest moment at which it is possible to bring it in, namely, before ever the case reaches the Court of Referees.

Another suggestion which I have to meet is that the penalty is unduly severe. It is said that, if a company has failed to distribute a reasonable part of its income as dividends, it is not right that its whole profits should be treated as subject to Super-tax, but only the surplus beyond what might reasonably have been distributed. I think hon. Members lose sight of the object and effect of the Clause. We are not legislating in order to deal with people who do not distribute as much of their income as some other person may think reasonable. That is not the object of the Clause. We are dealing with people who are using the machinery of companies in order to evade Super-tax, and I submit, it is not unfair, when you get a company used for that purpose, that the persons using it, and who are really controlling the company, should be put for that one year in the same position as if they were a private firm. They are not penalised in any sense; they are merely treated for that year as if they were private individuals and as if they had earned this money themselves instead of through the machinery of companies.

It is said that the Income Tax law is complicated and it would be much better to simplify it and, by simplification, to stop evasion altogether. I am not quite so sanguine as to believe that by simplifying the language you will stop all the ingenious devices for getting round Income Tax. As long as we are unhappily burdened with taxation on the scale under which we suffer at present, so long, I am sure, there will be people ready to evade payment of that tax, if they can legally do so, and plenty of people who will be able to show them the way of achieving it. I agree that simplification is eminently desirable. It is a matter which I have advocated ever since I have been in office, and only recently my right hon. Friend was able to announce in this House that he was setting up a committee of those best qualified to judge and assist, including those who act normally for the Revenue and those who act normally for the taxpayer, in order that they may set to work and frame a form of Statute which will render the language simple and intelligible, so far as it is possible. But a task like that is necessarily a lengthy one. If it is done with extreme care it will involve careful study and consideration, and research.

[The Attorney-General.]

What is to be done with the tax evader meanwhile? Are we to allow these holes, whose existence has been widely advertised, to remain unstopped whilst we are waiting four or five years for the result of the labours which are about to be initiated? That is an impossible position. We are not stopping every possible gap. We are stopping gaps which have become large enough to threaten the whole structure of the Income Tax law if they are allowed to continue to expand, and we are stopping them in a way which will not cause any injustice or any unfair treatment to those who are not attempting to avoid their legitimate obligations. The Chancellor of the Exchequer has stated that if during the year which elapses before these provisions become operative any suggestion can be put forward for a better scheme which will achieve the same results, he will be only too glad to welcome it; he will consider any suggestions if they are practicable. Meanwhile this is a suggestion which is the best we are able to put before the Committee, to which no satisfactory alternative has at present been offered, and I think the Committee would hardly be doing its duty to the public, with all these facts laid before it and with this scheme before it, if it rejected the scheme and left these gaps unchecked in the hope that in some future years someone will be able to devise a better way of achieving the same result. For these reasons, although we are anxious to accept Amendments which have been indicated, and are anxious and ready to meet any legitimate criticism which may be made as to the undue apprehensions which this Clause may arouse, yet we feel bound in duty to ask and press that the Committee shall accept the essential features of our scheme and shall indicate that tax dodging of the character we have indicated in the illustrations we have given, and which we seek to stop by this legislation, shall be condemned not only by the opinion of this House but rendered impossible when this Bill becomes law.

Mr. D. HERBERT: In view of the Attorney-General's very specific statement as to what is intended, and his indication that the Government will introduce words to make that intention perfectly clear, I ask leave to withdraw the Amendment.

HON. MEMBERS: No!

Mr. LLOYD GEORGE: I understand that the Committee refuses leave to withdraw, and I therefore propose to make a few observations on the subject. It is a sore temptation to the Opposition, when the Government is embarrassed by the criticism of their own supporters, to take advantage of it, but I cannot on this occasion honestly take advantage of the difficulties of the Government. In the main the course taken by the Chancellor of the Exchequer is right and, if I may say so, courageous. Unless some step of this kind is taken, I agree with the Attorney-General, there is a real danger of the State losing a very important branch of revenue. I was responsible for imposing the Super-tax in the first instance, and I am very concerned to see Chancellors of the Exchequer protecting the income and equally concerned to see that they do not develop the bad habit of pocket-picking. On this occasion, I think the Chancellor of the Exchequer has afforded a reasonable protection to the Super-tax. What is the principle of the Income Tax and Super-tax? The principle is that each man should contribute to the revenue according to the income he earns. Certain allowances are made for depreciation, reserves, for insurance and other items. Whether these allowances are adequate, or whether they are fair, is a matter for general consideration and investigation, but if any additional allowances are to be made they must be made all round. They must not be made merely to persons who are ingenious enough to be able to frame schemes by which they evade the general law of the land and cast upon others a heavier burden by doing so.

Up to the present it has been the principle of the Income Tax that you tax upon the basis of what a man earns without any reference to the use he makes of it. What is the principle laid down by the right hon. Member for Norwich (Sir Hilton Young)? It is that money so saved and put to capital purposes ought to be taken into account in your assessment of the Income Tax. Surely, if you begin to say that the purposes for which you use money you have earned is to be taken into account by the Revenue, you will find half your

income will escape Income Tax altogether. Are you going to apply that principle to a man whose income is £1,000 or £2,000 a year? One man may be earning £2,000 and spending it all. You tax him. Another man may be more frugal and thrifty and he may save money, and although he does not apply the savings to his own business, but applies them to somebody else's business, although part of his savings go to the development of capital investments, he does not escape Income Tax. Why should you apply a different principle to the man who is using his money and putting it into reserve and the development fund of his own business than to the man whose general savings are put into the fund of savings which is utilised for capital investment and development? You cannot apply the principle in the case of the Super-tax payer unless you are prepared to apply it to the case of the ordinary man who saves.

There is only one principle on which you can base your taxation; and that is, you tax a man according to his earnings. The moment you begin to say that you are going to allow him to deduct savings it will knock the whole Income Tax machinery endways. It will be impossible for any Exchequer to depend upon receiving its revenue year by year. If you put forward this as an inducement it must be an inducement all round to the small man as well as to the man who earns a large income. You cannot say that purely because a man is saving for the purpose of developing his own business you exempt him, but that if he saves for the purpose of increasing the general fund for investment of the country, you do not protect him.

Mr. MACQUISTEN: In Holland they exempt savings.

Mr. LLOYD GEORGE: The hon. Member says that in Holland they exempt savings. That is a principle which is worth considering, but it must be considered all round and not in reference to one particular favoured class.

Mr. MACQUISTEN: Only in limited companies. They are taxed on their dividends, not on their reserves.

Mr. LLOYD GEORGE: That may be a subject for consideration; but it must be

considered all round, and as to the effect on the revenue. I remember when I first proposed the Super-tax a very rich friend of mine came to me and said, "It is no use your making this proposal. We shall find a way out of it, and I give you fair warning. I can give you half a dozen different ways in which I can get out of it." I am not sure whether he succeeded or not, but I am absolutely certain that there have been endless devices for the purpose of escaping liability for the payment on large incomes. It is thoroughly well known that it has been done. And they are multiplying; and every additional 1s. put on has been a stimulus to this purpose. There is no doubt about it. The right hon. Member for Norwich says that it will interfere with enterprise. All taxation interferes with enterprise, and the real answer is not to grant special opportunities for one class to evade taxation but to reduce taxation altogether by means of economy. That is the way to do it.

If you permit one class of taxpayers, who have at their hands the most ingenious brains in the country, including lawyers, who can employ the best minds and who have themselves the most ingenious resources for the purpose of manipulating finance, to evade their legitimate responsibilities, what is the result? You are simply casting a heavier burden on other people who cannot evade it. There are people whose incomes are simple and uncomplicated. There is the professional man, for instance. He cannot escape; he cannot form himself into a limited liability company; whereas those who are in business can do it and have succeeded in doing it. There is no doubt that a great deal of this kind of thing is going on now. What is the result? The professional man, whose income is clear, straightforward and simple and who cannot indulge in these evasions, will have to pay more because others are able to evade. He cannot say "While I saved last year, I invested my savings in the most admirable scheme for the development of British industry?" Why should another man who is engaged in a different method of conducting business be able to say it?

There is a good deal to be said for reconsideration of the whole question of the allowances made for depreciation, for reserve and for development. Take the

[Mr. Lloyd George.] case put by my right hon. Friend the Member for West Swansea (Mr. Runciman). Whether sufficient allowance is made in that case for substituting new ships for old, and for the great fluctuations in the shipping industry, I cannot say. But what applies to one industry applies to all other industries. Many a time when I was Chancellor of the Exchequer I felt it was very difficult to resist the claim put forward by business men for a greater allowance for depreciation, not merely in shipping, but in other trades as well. It would be very desirable that the taxation of this country should be so arranged as to be an encouragement for people to put their money into re-equipment, into new machinery and improvement. I remember well that when I put some sort of Excess Profits Duty on munition works, I made allowances of that kind. But there was very little that I got in the way of Excess Profits. A Chancellor of the Exchequer has to be very careful as to the kind of allowances that he makes. If the right hon. Gentleman were to undertake to reconsider the whole question of depreciation and reserve, there is something to be said for it, but that must be done all round, and must be done equitably, not by way of favour to those who are in a special position by means of this kind of company to escape the liability. What is done for one must be done for everyone. That is not the case now. I do not know what the Chancellor of the Exchequer thinks he is going to get out of this proposal. I am not sure whether he has given the figures to the Committee.

Mr. CHURCHILL: It will not affect this year at all, but next year for all the Clauses we have credited an addition of £500,000. As I explained, it is not so much an addition to revenue that we expect to make as the warding off of what would otherwise be a very serious loss.

Mr. LLOYD GEORGE: There is no doubt that it is now going on at a very accelerated rate, and every case in the Courts that goes against the Crown encourages others to follow the example. I cannot see what any Chancellor of the Exchequer in the position of the right hon. Gentleman could do differently, when his advisers came to him

and say, "Unless you stop this gap you may lose millions of revenue." I think it might very well happen. What would any Member opposite say if in the position of the Chancellor? That advice is received from very able men who are as anxious as anyone not to embarrass trade and industry. If they say, "If this goes on you will lose not only £500,000, but £5,000,000, and it will go on probably until you lose £10,000,000." What could any Chancellor do? He may have to impose fresh taxation on others. That is not fair to the rest of the people. One favoured section escapes the £10,000,000 and the rest will have to pay. I forget what the Income Tax is at the moment—I do not mean that the rate, but the total amount which is paid. I understand it is £230,000,000. £10,000,000 will escape. The other £230,000,000 will have to be found by others. That is not fair. As long as the Chancellor of the Exchequer thinks it necessary to raise these huge sums in taxation—whether he ought to do so is another matter—if the money has to be raised it ought to be raised equitably, and I am very glad the right hon. Gentleman is bringing in this provision to make it impossible for people to escape their fair contribution to the Income Tax of the country.

Mr. H. WILLIAMS: I have listened, as have all of us, with great interest to the right hon. Gentleman who has just spoken, but with profound respect I would say that I do not think he has read very carefully the Clause we are discussing or studied very exhaustively the proposed Amendments to the Clause. Half of the right hon. Gentleman's speech seemed to be devoted to Income Tax and the other half to an assumption that certain people were in fact evading Super-tax on the reserves, or were not—I was not quite clear what the right hon. Gentleman was driving at, and I do not think the right hon. Gentleman was very clear himself. I am sorry to have to say that, but I feel it is my duty to say it. When the Chancellor of the Exchequer was speaking this afternoon I asked him a question which he did not answer. I was not surprised that he did not answer, because he would not have the information in his head at the moment. As he was not in a position to answer I thought he rode off a little lightly. I asked him whether a company

like Lever Brothers Limited would be brought into the scheme, because a little earlier he told us that the various Amendments would cut 85 per cent. of the trade out of the scheme. I rather doubted the accuracy of that statement, and that was why I asked whether, for example, Lever Brothers were brought in.

There is a business with £60,000,000 of capital, and at one time the whole of the ordinary shares were held by the late Lord Leverhulme and his son. Therefore, the whole of the real voting power was held by those two people, and though now the company is a public company, it is under the control of fewer than five persons, or was, and therefore would be brought into this scheme. That company, I believe, did not pay any dividends last year on its ordinary shares; the whole was placed to reserve. Therefore the Chancellor of the Exchequer would have the right to investigate that big business and it might be decided that the company had improperly placed to reserve the whole of their profits available for distribution to the ordinary shareholders. The ordinary shareholders might not be in a position to meet a charge imposed upon them, in which case it would fall on the general body of the shareholders who had no vote in the matter. It may be that I am wrong in my assumption that the company would be brought in. I think it would be brought in, and, if so, the burden would not necessarily fall upon those who had taken the decision but might fall upon the general body of the shareholders who had no control whatever.

I think that all these devices for tax avoidance ought to be stopped. I am certain that there is no person criticising this Clause who desires that there should be any continuation of tax avoidance of an improper kind. But the difficulty apparently is how to do it. I am inclined to think that if the whole of this Sub-section except the last three lines were left out, the case would be met. What we are out to deal with is improper transactions whereby money which was income suddenly becomes entitled to call itself capital and to avoid taxation. The Chancellor of the Exchequer, instead of dealing with the improper use of reserves, is proposing to authorise the Inland Revenue to investigate, if they choose, every case. It is no defence to say, "Oh,

in fact we are not going to do that." Every company knows it may be done, and the future policy of the companies with regard to dividends and reserves is going to be influenced by the fact that they fear it may be done.

Mr. CHURCHILL: Will my hon. Friend say whether the 2 per cent. of 40,000 companies in the last four years under this regime have in fact been influenced.

Mr. WILLIAMS: I am asked whether the 2 per cent. of the 40,000 companies which have been affected in the past have had their policy influenced. I cannot say off-hand. The right hon. Gentleman is now going to influence other aspects of the matter by these various Clauses of the Bill, and, therefore, the policy of companies in the future will be influenced. Stringent Regulations are to be introduced, and, therefore the future policy of companies might be entirely different from their past policy. I am connected with a small industry which is a very hard-up industry and has not been in a position to put much to reserve in recent years; but it happens to be an industry where nearly all the companies are small family companies, where none of them have ever indulged in any of these improper devices for tax avoidance. Yet they are all perturbed about their future, judging by communications I have received. All fear that there is a risk that they may be interfered with in future.

With regard to taxation, a tax may be bad because it is too high or it may be bad on psychological grounds. I can think of three cases. In 1909 certain taxes were proposed on land values in certain circumstances. I believe the amount of these taxes was not large, but psychologically they were bad and they produced most deplorable results. In 1920 the present Secretary of State for Foreign Affairs was Chancellor of the Exchequer. He raised the rate of Excess Profits Duty from 40 per cent. to 60 per cent. It had the most deplorable effect on business of any Act passed in this House in modern times. One met people who were carrying out great extensions of enterprises. The fact that this increase of the duty had been made checked numerous enterprises just at a time when our trade situation was critical. The tax was psychologically

[Mr. Williams.]

wrong, and I am certain that for the same reason the proposal in the present Finance Bill is psychologically wrong. It creates a fear at a time when we want to avoid it. This scheme potentially treats every honest trader as a possible rogue. It is what people resent, and I hope that the Chancellor of the Exchequer will go a little further in the way of amendment and do something more to remove the legitimate fear which exists. I am able to speak on this subject freely and dispassionately, because one way or another it will not affect me at all; I am looking at the matter from the broad point of view of its possible effect on business.

There has been some reference to an Amendment, which will be discussed later, on the penal Clause. I think that every crime ought to have a penalty in proportion. We make it a crime of sorts if a firm places an inadequate sum, or uses an inadequate sum, for the payment of dividends. They do not know what an adequate sum is in advance; they have no knowledge. They do not know when they have committed the crime whether they have committed it or not. There is an air of absolute uncertainty. Later they discover that they have committed a crime. They are thus punished, not to the extent of the crime they have committed, but to a very much greater extent. Let us take a hypothetical case. Suppose a business made a profit of £100,000, and suppose it retains £90,000, and distributes £10,000. Then the Inland Revenue looks into it, goes through their books, and ultimately it is decided that they ought to have placed £20,000 to reserve. The measure of their crime is £10,000, but the measure of their penalty is £90,000, because they are taxed on £90,000 although their crime is only £10,000. That is perfectly unjust and absurd, and against all the principles of taxation. I think that the taxpayer ought to know in advance whether he is entitled to do a thing or not. If this Clause becomes law it will extend the area of uncertainty and I urge upon the Chancellor of the Exchequer that he should do something with regard to the penal Clause, and that he should be rather more willing to accept Amendments of the whole scheme than he has shown himself up to now.

Mr. PETHICK-LAWRENCE: The hon. Member for Reading (Mr. H. Williams) has said that a large number of firms are perturbed at this legislation which the Government are introducing. I want to ask the Committee who it is who is responsible for those firms being perturbed? The Government have brought in measures to stop up certain loopholes. These measures, as the Chancellor of the Exchequer has pointed out, will not interfere with an honest business carried on by a private company and dealing with their affairs as honest businesses do to-day. But a large number of Members on the other side of the Committee have thought fit, backed up by the more unscrupulous parts of the Press, to pretend that this very sound legislation is designed to interfere with the legitimate business of private companies, and because hon. Members on that side of the House have taken that course, and have boosted their exploits in that direction, the companies to which the hon. Member for Reading has referred are perturbed. There is no doubt that the people who are responsible for perturbing those companies are the hon. Member for Reading and his friends who have taken that action.

Mr. H. WILLIAMS: Many of these communications reached me before there was any general discussion in the Press, or before I myself had drawn the attention of those people to the situation. Perturbation existed before there was public agitation.

Mr. PETHICK-LAWRENCE: The hon. Member can attempt to ride off on that line, but we all know perfectly well that the really serious perturbation has been due to the misrepresentation of this reasonable Clause in the Press, and to the attitude taken up by hon. Members opposite. [HON. MEMBERS: "Nonsense!"] In reference to that, the right hon. Gentleman the Member for Swansea (Mr. Runciman) seemed to me to argue this way. He said, "After all, this legislation of 1922 has not been very much of a success, because the right hon. Gentleman the Chancellor of the Exchequer has admitted that out of 40,000 companies only 180 a year have come within the meshes of the Clause." But I would remind the right hon. Gentleman the Member for Swansea that it is not the companies who are found out,

and dealt with, that are the important consideration. The important thing is the number of companies which have not practised this method of evasion because this law has been brought into effect. I entirely agree with what the Chancellor of the Exchequer has said with regard to the extension of this law. It is not an answer to give the number of companies that will be dealt with when the new law comes into operation; it is the number of companies that will avoid the transgression which otherwise they would be permitted to do.

The hon. Member for Reading in one of those self-glorifying attitudes which he so often adopts in this House, referred to the right hon. Gentleman the Member for Carnarvon (Mr. Lloyd George) and pretended that his speech about income reserves was obscure. It may have been obscure to the hon. Member for Reading, but I think it was perfectly clear to the bulk of this House. He referred to the speech of the right hon. Gentleman the Member for Norwich (Sir Hilton Young), who sketched out an entirely new theory. He suggested that the Revenue ought not to collect taxation from money that was put to reserve, whether it was put to reserve by people as individuals or as private companies or public companies. There was a very good answer to that: that if you once began to take the view that money which is put into saving is to be exempt from Super-tax—and possibly the right hon. Gentleman the Member for Norwich even suggested from Income Tax—you will go a very long way indeed, and you will lose an enormous sum to the Revenue.

But the real fact is, as it seems to me, that this Committee has somewhat lost sight of the fact that we are essentially in an anomalous position with regard to the whole of this matter. We have had on the one hand private individuals who have their money invested in a firm. Whatever they do with profits they make in the year they are subject to Super-tax on the full amount of their profits for the year. They may use their profits to re-invest them in the firm; they may use their profits to put in other firms, or to swell the capital of the country by starting new companies, or by investing in new companies; whatever action they adopt, their money is entirely subject to Super-tax right through. Now, at the

other end of the scale, we have a man who has shares in a public company. The profits which the company divide are subject to Super-tax in the hands of the shareholders. The profits that the company does not divide, but puts to reserve, are subject to Income Tax, but not to Super-tax. There is a fundamental anomaly, and I think the great bulk of the Members of this House would wish to see that anomaly removed, but the difficulty of course is to do it. So far as the company is concerned, it would be exceedingly difficult to trace the undivided profits of the company to the individual shareholders, and attempt to charge them each up with Super-tax for these undivided profits which they had not received in cash. Now the private company comes in between the individual and the public company, and the question is what are we going to do with regard to the private company?

The hon. Member for South Salford (Mr. Radford), who has been largely responsible for bringing this matter before the House in times past, compares the position of a private company entirely with that of the single individual. It seems to me the hon. Members opposite might consider his defence of the Clause incomplete on the ground that they might prefer to correlate the private company not with the individual, but with the public company, and that is to a certain extent true. The fact is however that so far as the public company is concerned, there is a safeguard against unlimited abuse. The public company with large numbers of shareholders and whose shares are being sold openly in the market is not very likely to put an undue amount of its profits to reserve from the very fact that it is a public company, and that it is bound to distribute a very considerable amount in income, and further, it cannot play hokey-pokey games such as the Chancellor of the Exchequer has explained, because the number of persons engaged is too large. But when you come to the private company you have a totally different state of affairs. There you have a company which is able to put a totally undue amount of its profits to reserve for the express purpose of enabling its shareholders to escape Super-tax; and it is for that reason that it is necessary to have a Clause of the kind which the Chancellor of the Exchequer is putting

[Mr. Pethick-Lawrence.] forward. The hon. Member for Reading championed the evader by saying that he would like to see the whole of this legislation swept away.

Mr. H. WILLIAMS: I have no recollection of saying that at all.

Mr. PETHICK-LAWRENCE: The hon. Member has probably no recollection of what he said, but he will find that he did say something of that kind.

Sir BASIL PETO: What the hon. Member said was that he thought the whole of this Sub-section might very well disappear except the last three lines. There was no question of all the legislation.

Mr. PETHICK-LAWRENCE: My recollection was that earlier the hon. Member expressed that view.

Mr. WILLIAMS: No.

Mr. PETHICK-LAWRENCE: If the hon. Member says he did not say so, I do not wish to press a point against him on which I may be misinformed; but I think he gave the impression that the less there was of this legislation the better. Am I right in understanding that the hon. Member wishes to catch the evader by every means, but there is one small part of the Clause which he thinks will do that?

Mr. WILLIAMS: I said so, and I think the hon. Member ought to withdraw his unfounded allegation.

Mr. PETHICK-LAWRENCE: It is not a question of withdrawing. If I have misrepresented the hon. Member I will withdraw my statement, but at the same time I will not withdraw the statement that he gave the impression that it was a mistake to be too hard in following up these men who are trying to evade the proper payment of Super-tax. I venture to take entirely the opposite line. It is perfectly clear from the speech of the Chancellor of the Exchequer and the speech of the Attorney-General that there is a very great deal of evasion going on. That evasion will clearly increase unless steps are taken to stop it, and so far from thinking that the proposals which the Government have put forward are too severe, I think that they

are still very lenient in letting a large number of evasions through the meshes of the law.

Mr. GATES: The speech of the Attorney-General has had a somewhat reassuring effect upon me. I have on the Paper an Amendment which will carry out the views of the right hon. Gentleman the Member for Hillhead (Sir R. Horne). The Amendment is to omit the greater part of Clause 29—Sub-section 1, Sub-section (a). The words are: "Any sum expended or applied or intended to be expended or applied in pursuance or in consequence of any fictitious or artificial transaction." I should have thought that as the right hon. Gentleman the Member for Hillhead said that that Clause would have been quite sufficient to secure the Exchequer against any tax dodging or fraud by the taxpayers. But I confess that I was somewhat relieved to hear what the Attorney-General has said about the words that are in the Act of 1922, which enable the Commissioners, if they are satisfied that a reasonable part of the income of the company has been distributed to have regard to the current requirements of the company's finance and such requirements which might be necessary for the maintenance and development of the business. These are the words in the Act of 1922, though I confess that I thought they were taken out of that Act by Section 29 of the Finance Bill of this year. In any case if they are not taken out it is now proposed to enact that there shall not fall within that category certain sums spent in payment for the business in reduction of loan capital and in meeting any obligation of the company in respect of the acquisition of

8.0 p.m. the business. All these things, in the general constitution of the company, are matters which every director is bound to look to for the maintenance of his business. He is bound to put aside out of income certain reserves, so that, if the opportunity comes along, he may acquire other businesses or use it for the redemption of any loans. It is a matter of ordinary business, in private life or in company life, to set apart a portion of income to repay any loans that have been made for the benefit of the business. If they were not paid in cash out of the income for the year, they would be, in most prudently managed

companies, repayable by yearly premiums in respect of a policy of mortgage redemption.

I do not know whether the right hon. Gentleman the Financial Secretary to the Treasury would consider any suggestion. Very great difficulties are going to be put in the way of directors of companies by these provisions. Would it not be possible to say that it shall be lawful to apply, say, 25 per cent. of your income in payment of a reserve fund, and that the remainder be subject to Super-tax? That is a round figure which, I believe, the Treasury would find would be a fair sum to the shareholders and to the Treasury. It was a figure put to me this morning by a very big commercial man in the City. It will have the advantage that directors of companies, who come within the provisions of this Bill, would know where they are; at the present time, they cannot have any idea of what they will be subjected to. In spite of the Amendments which the right hon. Gentleman the Chancellor of the Exchequer has put down, giving certain exemptions from the provisions of this Section to some companies, it does not apply to a very large number of companies. The companies to be exempted by the Amendment must, I think he said, satisfy four conditions: first, they must be shares of a class in respect of which a public offer of subscription must be made; second, not being shares entitled to a fixed rate of dividend; third, carrying not less than 25 per cent. of the voting power; and, fourth, must be quoted on the Stock Exchange. There are an enormous number of companies who could not satisfy those conditions. The hon. Member for Reading (Mr. H. Williams) referred to one company; I could give a very great number where the ordinary shares have not been issued to the public although the preference shares may have been. They may be, and probably are, under the control of five persons, and the ordinary shares, at any rate, may not be quoted. This would apply to practically every shipping company and to a great number of colliery companies and textile companies, and, I believe, also to newspaper companies. I have heard that, if these provisions had been applicable at the present time, in all probability the "Daily Mail" would not have been able to build the magnificent premises from

which it fulminates against the Government. Whether that would be the case or not I do not know, but, at any rate, it was paid for out of reserves accumulated, I am told, out of the profits of the business which, possibly, they would not have been able to accumulate if the provisions of this Section had been enforced and were seriously carried out.

I need hardly say that I have every sympathy with the Government in their object, which is to catch the tax-dodger, and I hope they will succeed. But I am fearful of the difficulties that privately-owned companies, carrying on and developing the necessary business of this country, may experience at the hands of the officials of the Board of Inland Revenue. Colliery companies are absolutely bound to use a very large portion of their income to replace seams and to open up new mines. Textile companies and many other trading concerns have to do the same thing. The right hon. and learned Gentleman the Attorney-General has given us some words of reassurance that he will, on the Report stage, put some words into the Clause that will ensure that all reasonably-managed companies will have the opportunity of carrying on their business without undue disturbance from the officials. I may point out how important it is, from the employment point of view, that these companies should be able to accumulate their reserves and develop their business by acquiring new properties, putting out tenders for new ships to the shipyards, opening up new collieries and new textile factories, and so on. If they are unable to do so, there will be an immense increase in the volume of unemployment all over the country. Private companies, I submit, should be on an equality with public companies in determining the amounts available for distribution among their shareholders, always providing, in accordance with the Finance Act of 1922, that such distribution is a reasonable one. Super-tax was always considered to be an entirely personal matter. The recipient had the use of the money which was taxed; he had the advantage of spending it and doing what he wished with it, but under this Clause, the shareholders are subjected to a tax on an arbitrarily-assumed income which they have never received, and which perhaps they are never likely to receive. That seems to me to be entirely inde-

[Mr. Gates.]

feasible. I do hope the right hon. Gentlemen the Chancellor of the Exchequer and the Financial Secretary to the Treasury will be prepared to consider a reasonable Amendment with a view to making this Clause less hard upon the many business concerns in the country. The right hon. Gentleman the Chancellor of the Exchequer said in his Budget speech that he had no desire to disturb or damage the broad structure of company law and the practice of limited companies in this country, and that his object was only to prevent the avoidance of the tax by the tax-dodger and secure legitimate revenue for the Crown. With these objects I am heartily in sympathy, but I have ventured to express what I know is a very real difficulty, which is felt by a great many well-managed commercial concerns in the country.

Mr. MACQUISTEN: This is not the only country where tax evasion is practised. It is a very common thing when taxation reaches very high figures. When I was travelling recently in the East, I met an American accountant who told me that when taxation was high in America he had been set away to the East by some very wealthy men and there he *cached* under-holding companies with very large sums, and he was sent out from time to time to see how they were getting on. Not only will we have evasion here, but we will have evasion by flight. There is nothing more timid than capital. When it is liable to be taxed, it can take the wings of the morning; it goes on strike; it folds up its tent like the Arab and silently steals away. That is where I see a certain danger in this Clause. I admit that the speeches of the right hon. Gentlemen the Chancellor of the Exchequer and the Attorney-General, and the instances they gave us, may have some effect in quelling a great deal of the alarm that has been raised, but one always has the feeling, especially when one hears the Chancellor of the Exchequer, that his capacities for debate are so great and so ingenious that he could have made probably a far stronger case for the other side. He almost persuades one in spite of oneself, and I believe he almost persuades himself, which is perhaps one of the most difficult things that a man could do. The cases that those two right hon. Gentlemen gave were all hard and extreme cases; they had nothing to do

with the £40,000 companies or the £35,000 companies. To tell us, as the Attorney-General did, about two brothers who lent money to themselves without interest and so on—that is quite a different case. To tell us, as the Chancellor of the Exchequer did about a limited number of cases, I think he mentioned two or three; where men lent money to themselves out of the funds of the company which they themselves controlled and paid small dividends—I must say that these things are suspiciously like illegal devices. He tells us that the cases were lost; I suppose they were brought before the Special Commission. But to deal with all companies because of such cases is like machine-gunning a large crowd, because there are one of two pickpockets in it, and to say that if you shoot the whole crowd you are bound to shoot the pickpockets.

Would it not have been possible to frame a Section that would have said that no man in control of a company should be entitled to draw money out of the funds of a company, whether by way of loan, directly or otherwise, beyond the amount of his dividend? That would have shut the door on this practice of loaning money from the company to the manager and so forth. If it were provided that all a person could get out of the company would be the dividend, that would meet the cases mentioned by the Chancellor of the Exchequer. The damage which this particular legislation does, is that it creates fear and apprehension. Every limited company has the knowledge that this sword is hanging over its head. We have been told to think of the number of cases in which it will prevent the undue holding up of profits—but think of the number of cases in which directors will say, "If we keep up a large surplus and endeavour to develop the business, the Chancellor of the Exchequer and his minions may come down upon us and we will be branded as people who have been endeavouring to defeat the revenue. Therefore, let us eat, drink and be merry and divide our profits up to the hilt." It is not the tax evader who is affected. The tax evader has a thick skin and he does not care. It is the man of sensitive conscience who dislikes even to be called in question by an

Inland Revenue official, who will suffer and he is the man who will be liable to damage a company of which he has some control by an undue distribution of profits.

It is all very well to say that we must not select one section of the earning part of the community for preferential treatment. I think we ought to encourage thrift in every section and let us begin with the private limited company man, the man who saves on his own income for the general benefit. The man who leaves his money in the bank, even on current account without interest, is helping the whole community. The private limited company is the creation of recent legislation. There used to be nothing but public companies and the private limited company is a comparatively new juridical structure. If it has been the means of encouraging men to save and to develop business and to give employment, it should be encouraged. If men in the control of such a company leave the money in the business and use it for the development of the business, that is for the benefit of the whole community and they ought not to be frightened from doing so.

The cases which the Attorney-General gave us were really cases for the abolition of the Limited Liability Acts altogether. As long as you have the Limited Liability Acts which enable a man to make himself into two personalities, one the limited liability company of which he has control and the other himself, so long will you have opportunities for evasion. But that is far too big a task to be tackled in our modern civilisation, and if we have created these companies then we ought to give them every encouragement where to do so is for the general benefit of the community. I was speaking not long ago to one of our chief industrialists, a man who gave employment to a leading ship-building centre for over a couple of years. He told me that as a young man he had no money but he could always borrow money and he did borrow enormous sums because the lenders and the banks believed in his business capacity. That was because he had what is called credit. Credit is capital and credit is character. That is why all suggestions of extreme taxation on capital are out of the question, because that means taxation of

character. That is what the Bard meant when he wrote:

"Who steals my purse steals trash.

But he that filches from me my good name
Robs me of that which not enriches him
And makes me poor indeed."

This man to whom I refer had character, and starting with practically nothing, at one single little wharf, he is now one of the greatest men in the shipping world. Do hon. Members think it would be possible for him to do so under these provisions? At all events it would not be easy for him under these particular provisions. He would not have had the same inducement,

"to scorn delights and live laborious days."

—to work and toil while others enjoyed themselves and to live on a minimum income in order to put everything into the business. It would not be possible for him under these provisions to get the accommodation with which he was provided in order to develop those great and beneficent enterprises. I have known cases of men whose sons are now millionaires and whose fathers were making incomes of £20,000 to £30,000 a year, living in a room and a kitchen. Their business was the object of all their keenness. They tried to develop and increase it and such men have been great benefactors. One of the greatest motor firms in this country has sprung up within the last half dozen years, all under the control of one man, who is now employing thousands of men. It has never paid a dividend on the ordinary shares. This one man owns the ordinary shares and his anxiety for the future of the business is so great that he has foregone all luxury in personal expenditure. It is men like him who keep the business community going—men who are devoted to their business and are not looking out for an easy time.

I think these proposals may have a serious effect upon industry. The hon. Member for Salford (Mr. Radford) gave us an instance of professional men and talked about a man buying a practice for £10,000 and making £3,000 a year out of it. A medical man who paid £10,000 for a practice paid far too much. I do not think a professional man, if he were wise, would pay a capital sum for any practice. His practice resides in his head—in his capacity to make it for himself. These, however,

[Mr. Macquisten.] are not comparable cases because they are not cases of men giving employment, like the man in the industrial company, who is using his capital not only for his own advantage but for the development of a business which employs others. What is wrong with the industrial affairs of this country at present is that we have far too few captains of industry—too few men who will go into the market and create fresh industries. One of the reasons is that they are discouraged by taxation. Nothing could discourage them more than this type of legislation

I was glad to hear the right hon. Gentleman the Member for Hillhead (Sir R. Horne) and the right hon. Gentleman who was his Financial Secretary to the Treasury expressing a belated repentance, because this Clause was introduced in the Budget of 1922, and it was pointed out to these gentlemen, who did not then know as much about limited liability companies as they know now, the dire effects which it would probably have. I am glad to hear that they are now of that opinion and that they have come to the conclusion that that would be injurious. I, therefore, sincerely trust that the Chancellor of the Exchequer will, in the Amendments which he is going to introduce, remove some of the difficulties and some of the apprehensions. It is true that the number of cases he gave show that the Inland Revenue have not been making a very full use of the Act of 1922. It may be because they have not the staff, or I think it is more probably because few companies make a practice of hoarding reserves. But it is possible the Inland Revenue may go on making much further use of the new Act, and new views may prevail on the part of the gentlemen at Somerset House. I am not so sure that they always act with profound wisdom, and I am not so sure whether they always realise that the effect of the undue exercise of their powers may result in losses. Only the other day there was a case where a man carried through a huge transaction with the Government after the War. He made a million pounds profit, when he only anticipated making a quarter of that sum. He offered to go 50-50 with the tax collectors. But Somerset House said: "No,

we will have Excess Profits Duty, Income Tax and Super-tax on the whole profit, and so collar the lot." This particular gentleman said: "Very good, I will fight you for it." And he fought them in the Law Courts, but in the meantime he went to the United States of America and made representations to the American Government, became naturalised, and took his million pounds profit with him, so that our Government got nothing at all. That is the result of unreasonable dealing on the part of Somerset House. Anybody could have told they were taking far too drastic action with a man who risked his entire capital on this particular transaction, and no one but the tax collectors blamed him for the extreme step he took.

It is the apprehension of unreasonable treatment in time to come that is worrying the business community at this moment. It is not the past, it is not what they have done since 1922, but it is that they have the power to do what the commercial community think they ought not have the power to do. We have the Income Tax Commissioners and the Board of Referees, whom I am glad to hear described as they have been described. It is not quite correct to compare them with His Majesty's Judges, who, after all, administer the common law and the Statutes of the land and are guided by an infinite number of decisions. On the other hand, what these people have to decide is purely a question of business policy, and it may vary with every business that comes before them. Theoretically, it involves this, that if the Inland Revenue are to decide what sums should be put to reserve and what should not, they ought to have sitting in the office of every company a representative who knows better than the managing director, the board of directors and the secretary how the business of the company ought to be carried on. If the Inland Revenue could provide the limited liability companies of this country with supermen of that description, it would be welcomed by the shareholders, I am sure, because many companies are grossly mismanaged at the present time.

It is said that these powers will be reasonably used, but the trouble is that the powers are there and that they have this extravagant penalty at the back of them. It is what an hon. Member

has called the psychological effect of these proposals that does the harm. The Government having taken the wrong turning in 1922, it is difficult for the Chancellor of the Exchequer to turn round, and I suppose they will have to go ahead for this year, but I trust he will give effect to his promise to consider better Clauses with all the assistance he can get from the business community for next year, before the Bill really comes into operation. I hope he will give real effect to that promise and get the business community to believe that he and Somerset House really mean it. If he does that, I do not think the actual commercial damage is going to be anything like so severe as some of the opponents of these Clauses in this House and in the Press campaign have anticipated.

Sir HENRY CAUTLEY: After four and a half hours' discussion, I feel still in a state of bewilderment as to this Clause. I am concerned only with one thing, and that is that every *bona fide* trading company should have power to decide as to what reserves it shall set aside. I am the more interested in that, because I have received a number of letters and communications from people in my constituency who are engaged largely in trade, and trade of a biggish character. I am well aware that both the Chancellor of the Exchequer and the Attorney-General have suggested that companies in the past—the 40,000 *bona fide* trading companies—have not suffered but I cannot, from what I have heard from them, see that there is any guarantee that they will not be interfered with in the future, and I will give the Committee one illustration, showing how far-reaching this interference may be.

I am acquainted with a company, in which I have not the slightest interest, with a capital of somewhere between £500,000 and £1,000,000. It has been in existence for something approaching 40 years, and the control of the whole of the ordinary shares rests with one family. It is a manufacturing company, employing none but people in our own country. It has raised capital from time to time from the public by preference shares, but it comes within the terms of a company that will be subject to this provision. It has been extremely prudently managed. It has gradually

extended itself, by means of the money raised from the public and by means of its own reserves, reserves which, in the course of so many years, it has established to a very large extent. Among its other enterprises was to extend to foreign countries, and, though it may have been a foolish decision, it decided to extend to Russia. Its business became very prosperous and grew immensely, but, in common with all foreign businesses in Russia, it found its prosperity stolen away, and this company, by a stroke of the pen of the Soviet Government, found itself suffering a loss of over £400,000. Of that loss it has never got a penny back, and never will, as far as I can see. If it had not been for their reserves this company must have perished, but owing to prudent management and the establishment of those reserves in the past they were able to weather the storm, and are on the road to prosperity again. What I would like the Minister in charge of the Bill to explain is how it would be possible in the future for a company to sustain such an enormous loss and yet survive? The directors of that company knew how great were the risks of going to Russia and to other foreign countries, and their prudence has been rewarded, but how could the Inland Revenue officials have that knowledge, or estimate those particular risks with any accuracy?

I can imagine numbers of other businesses trading with Eastern countries which are of an even more speculative character than the one I have in mind; indeed, this was not regarded as a very speculative business. One can imagine hundreds of different businesses, of an extremely speculative character, where, when large profits are made in one year, large sums must be placed to reserve, because of possible losses or very small profits in succeeding years. If only we could have had some assurance on this point I should agree entirely with the Government's proposals.

I am glad to see that the Attorney-General has just come in. I understood from his speech that he was prepared to make some modification to help *bona fide* trading companies to keep control over their reserves if only he could be assured of hitting the tax dodgers, and I suggest that he should consider whether, instead of treating paragraphs (a) and (b) in the Clause as entirely distinct it would

[Sir H. Cautley.]

not be possible to couple with (a) something in the nature of (b) as well. It may be a question of the form of words, and on the Trades Disputes Bill my right hon. and learned Friend handled a similar difficulty extremely well, and I suggest that we should make (a) and (b) coexist before the Inland Revenue officials interfered. That is to say, the transaction, in addition to coming within the definition in (a), would also have to be of a fictitious or artificial character. I think the word "artificial" would probably cover the case. I feel very strongly indeed that trading companies ought not to be interfered with, and I see no guarantee that they will not be, in spite of what the Attorney-General has said, and I do sincerely hope that modifications may be introduced.

Sir ALFRED BUTT: Everyone who has spoken in this Debate has emphasised the desire that the Chancellor of the Exchequer should do everything possible to close up all avenues by which taxation can be evaded, and any machinery which he may submit to the House to achieve that end is bound to have the whole-hearted support of all Members. At the same time he must realise that there is, rightly or wrongly, great anxiety amongst the business community over the far-reaching powers which, for the first time, and notwithstanding statements which have been made to the contrary, certain public authorities are to have over the reserves of companies carrying on business in the interests of the community. Hitherto it has been a principle of British taxation that the taxpayer should know definitely what he had to pay. Under Clause 29 the taxpayer is left in uncertainty as to how much he has to provide for the purposes of taxation. Quite innocently he may put too much to reserve, and thereby be penalised by having to pay Super-tax on 100 per cent. of his profit. There can be no possible justice in saying to a company that is controlled by five persons, "You have to put money to reserve in accordance with the wishes of a Board of Referees," and leaving a company controlled by six persons with entire liberty as to what they shall put to reserve.

I happen to have an intimate knowledge of the entertainment industry,

which is of a highly speculative nature. Many theatrical companies make very large profits in one year. If they pursue a conservative policy, they distribute a very small portion of those profits, and reserve the major portion in order that they may meet possible heavy, and quickly occurring, losses in a subsequent year. Those companies are conducted perfectly honestly, without the slightest idea of avoiding payment of Super-tax. It is inconceivable to me that any Board of Referees would appreciate the fact that a company making perhaps £50,000 or £60,000 thought it prudent to distribute only 5 per cent., and carry forward the balance in order to continue their business in successive years. I can only say that if these companies did not exercise that prudence a very large number of people would be put out of work and unemployment would be greatly increased. If the Chancellor of the Exchequer insists on passing Clause 29, I urge upon him to give the Committee an assurance that in every case the Board of Referees shall include at least one member who is cognisant of the particular business upon which he is called on to adjudicate. There is one other matter to which I would like to call attention. The Chancellor of the Exchequer has put down an Amendment under which certain companies are to be excluded. He proposes to exclude companies whose shares are of a class

"in respect of which a public offer for subscription has been made by the company."

There are a large number of companies which do not issue shares publicly but issue them through brokers or by other means. If my interpretation of that provision is correct, those companies would not be covered by that definition, and I invite the Attorney-General to say whether it would not be possible to leave out the words about shares that have been offered for public subscription. The Chancellor of the Exchequer gave us, I think, four instances of companies that were escaping Super-tax, and in almost every instance it was because they were making loans to their principal shareholder without interest. Surely, it is possible, and very simple, to close an avenue of abuse of that nature without inflicting what is likely to be a very real hardship on a very large number of companies that are now carrying on

business in a decent way, and without setting up a form of inquisition which, perhaps, in the future may act as a boomerang to the Conservative party.

Lieut.-Colonel Sir FREDERICK HALL: I listened most attentively to the discussion this afternoon, and to the statement of the Chancellor of the Exchequer, and I should like, if I may, to join with my hon. Friend the Member for Balham (Sir A. Butt) in saying that there is no single Member of the House who is not desirous of doing all that he can so to tighten up the administration as to do away as far as possible with evasion of any taxes which are justified; but, with all deference, I venture to think the Government have gone much too far in regard to Clause 29. The secret of all business success is, as has been said by my hon. and learned Friend the Member for East Grinstead (Sir H. Cautley), the building up or reserves. What is the position with regard to our big industrial undertakings, our banks, our insurance companies? It may be argued that they do not come under this Clause, and I quite agree, but the principle that they have laid down is the only correct and reasonable principle for any business man to adopt.

First of all, there are the Commissioners, then there is the Board of Inland Revenue, and now there will be the Referees. The Chancellor of the Exchequer intimated this afternoon that he is quite prepared to consider the suggestion that on the Board of Referees there should be someone with a knowledge of every specific business into which they will have to make inquiries. At first that seems perfectly simple, but anyone who has any business knowledge at all is perfectly well aware that, although people are carrying on their business in a straightforward manner, nevertheless the last thing that they want is a competitor—and it must be a competitor if it is to be someone who has a full knowledge of the business—coming as a member of the Board of Referees and looking through all their papers, finding out who are their clients, and otherwise making himself thoroughly conversant with the whole of the business that they have built up. It is all very well to talk of evading taxation, but at the same time, while we want to save the Government from evasion of taxes, we do not want in-

quistors sent to inquire into the manner in which a man is carrying on his business. If there is any thought that a man, perhaps, is endeavouring to evade taxation, then, under the law at the present time, machinery can easily be set in motion, and it is possible to find out what that man is doing rightly or wrongly with regard to his business.

We heard this afternoon of the 80,000 cases, and we heard of 40,000 only being brought in under Clause 21 of the Finance Act, 1922. Now we hear that there are another 35,000. What I should like to ask the Attorney-General is this: If 5,000 are to be left out, on what ground are those people to have that benefit? There must be some specific reason. When the Chancellor of the Exchequer was speaking of 5,000, he must have had in his mind some idea with regard to some specific business, and I should be glad if the Attorney-General would enlighten us on that when he replies. He smiles. Apparently he is unaware of what is at the back of the Chancellor's head, but when we are told that there are 80,000, and that 75,000 can be brought in, it is only reasonable that we should ask the Government what is going to be done with regard to the remaining 5,000.

If we are all desirous of assisting business—and I cannot help thinking that the Government have that desire—surely we should not bring in a Measure that is going to break up the foundations of the business of this country. Surely it is the business of the directors of a company to know what are the ordinary requirements, to know what in the ordinary course of events should be a reasonable dividend paid to the shareholders. It would be all very well to say, "We have had a good year; we will pay 40 per cent. or 50 per cent." Just imagine the position then of the shareholders. They, not having, perhaps, such inner knowledge as the Board itself, make their spending arrangements according to the increased dividend that they have received. Next year the company may have a bad year, and the directors may say to the shareholders, "We are most awfully sorry, but last year we had a good year, and we paid you a very handsome dividend; during the past year, however, we have met with a great many difficulties, and, therefore, we regret to say that we have a deficit in-

[Sir F. Hall.]
 stead of a profit." Surely, that is not a reasonable way to go along, but, if this Clause be passed as it stands, it will be incumbent upon directors to act in that manner. That cannot be good for business. I sincerely trust that the Chancellor of the Exchequer, who has indicated that he is prepared to consider Amendments with regard to this Clause, will give it every consideration, because the commerce of this country has been built up by careful handling of the moneys that are made, and, if anything is going to be done to interfere with that, it will be one of the most retrograde steps that this or any Government has taken.

Sir CHARLES WILSON: I do not want in any way to help any taxpayer to evade his proper share of taxation, but I do not like this Clause as it at present stands. Reference has been made by the Chancellor of the Exchequer to a statutory declaration. If a statutory declaration made by a member of a small company, to the effect that all proper taxes have been paid in times gone by, would meet the case, that would dispel a large amount of alarm and misapprehension that exists. I have here a letter from one of my principal constituents, a man of great standing in the City, whose company has been in operation for 100 years, who has lived frugally, like his forefathers, whose company has put a good deal of money to reserve, and from time to time out of its resources has extended its business until it has now reached very large dimensions and employs a large number of workers. I should like the Chancellor of the Exchequer to make it clear that where, in times gone by, such companies have made proper returns, and have paid their taxes in accordance with previous requirements, they will not be interfered with. It is perfectly true that the Inland Revenue authorities have a remedy where they suspect evasion, but it is not right that a company which has carried on its business properly should be haled before anyone, and I hope it may not be necessary. A certain number in times gone by have been tackled where there has been any question of fraud, and by all means let such be tackled, but in my opinion there should be a more careful sorting

out of the sheep from the goats. I should like to read what this representative citizen says:

"Dear Wilson,—May I ask your co-operation in getting the proposed Clause 29 of the Finance Bill deleted or very drastically altered. As it stands, a private firm, and a private company with a small directorate, are very much prejudiced compared with a public company in that the latter will not be sur-taxed on reserves used or to be used for the purchase of property to enlarge their business or for reserves made against future contingencies, of which such purchase would be one. It is obvious that this will tell greatly against the development of the class of firms named above. It seems to me if under this Clause shareholders will be charged with this sur-tax, which is for Income Tax and Super-tax, things have now arrived at such a pitch that I cannot see how British firms can hope to compete with their opponents abroad."

My main point with regard to the matter is that, as an accountant, all my business life I have recommended my customers to put sums to reserve and from time to time, from those reserves, to extend their business where it is safe to do so. That has led to the employment of a far larger number of people than could have been employed had the business merely been carried on as it was started, without any question of reserves being built up. If this is put into operation, of what use is it to anyone to put money to reserve? I hope the idea is not to force anyone to distribute all profits made in dividends. I do not want to make it out worse than it is. On the contrary I want those concerned to be reassured and not interfered with where they have done their work properly. If people have acted improperly and attempted to evade payment of tax, by all means put them through the mill, but there are cases, such as that I have given, where to interfere in the slightest degree would be a very serious matter indeed to the parties concerned and it would work out in entirely the wrong direction.

Sir FRANK NELSON: I think the Attorney-General must know as well as anyone that apprehension, however ill-founded, has the most disastrous effect on all markets. It turns into what is known as market sentiment. I am wholeheartedly with the Chancellor in closing up loopholes. In fact I have several grievances in that I do not think all the loopholes have been closed up sufficiently. I have no personal interest whatsoever as to the outcome of the Clause, so I can

without any ulterior motive ask the right hon. Gentleman how he proposes to deal, for instance, with the following situation. Take the case of a company composed of five proprietors. We know from the Chancellor's speech that a very usual mode of evasion is to pay no dividend, or a very small one, out of the annual earnings, and each of these five proprietors or partners is provided for by means of a draft on the firm, which bears no interest. This Clause 29 is put on the Statute Book in a week or two. If I were a member of such a company I should immediately take steps to put it under the control of six people. I have always regarded myself, in so far as being able to understand the wording of an Income Tax Act is concerned, as mentally deficient,

9.0 p.m. and it may be I have insufficiently studied or insufficiently digested it, but it seems to me the obvious mode of procedure for any company such as I have indicated is to turn itself from a five-man into a six-man company. That will mean, I presume, that next year we shall have an Amendment to the Clause making it seven, and then it will be eight and nine and so forth. No doubt the Attorney-General will inform me later on how he proposes to close that loophole up.

There is another aspect of this. Take the case of many small country businesses, mostly family concerns. Many of them in the last two years have seen tariffs going up against them all over the world. It is only natural that in anticipation of these tariffs they have for the last two years, and will perhaps for the next two years, pay no dividend of any kind. To them applies more than to any other kind of business the apprehension I have alluded to, all through the next year and possibly the next two years until they know whether the Special Commissioners, and after them the Board of Referees, are going to call upon them to disclose all the ramifications of their business for the last two or three years and eventually to decide whether they will or will not be assessed to Super-tax on the profits they have not distributed. The Chancellor dealt, with his usual richness of rhetoric, on apparently the simple procedure involved in the case of another *bona fide* company in the control of not more than five people who were to be called upon to disclose whether or not they had distributed a sufficient amount

of profits. I am informed that it is nothing like so simple. It is a very costly business, to say nothing of the anxiety of taking your case up to the Special Commissioners. It lasts possibly not for months but in many cases for years. All that time the amount in dispute is to be held in abeyance, and once again there will be this feeling of apprehension in the breasts of these companies, illfounded as the Chancellor may say. For an hour after he had spoken I felt frankly reassured until I went away and thought it over. Many of my business associates have said to me in the last week or 10 days: "It is no good the Chancellor reassuring us in one of his famous speeches because, however much he may reassure us, it is not going to help us when the Somerset House authorities get their clutches into us and demand £30,000, £40,000, or £50,000 in Super-tax. It means that we shall be years and years in abeyance in a state of anxiety, to say nothing of the cost." I shall vote for the Government, but with a very heavy heart. I admire the aim of the Chancellor and the Cabinet, but my admiration is tempered with misgiving.

Mr. EDWARD GRENFELL: After the Chancellor and the Attorney-General had spoken I felt convinced that, on the whole, I was prepared to vote for the Bill. They have removed several doubts that I had, and I think it is partly their fault that there have been any doubts in my mind and in that of many people in industry and in the City. Ever since the Budget was brought in I think there has been a feeling on the part of serious-minded people in business that the Chancellor, with his matchless gift of oratory, had to a certain extent mesmerised the House, and when they went away they sometimes change their minds after what they have heard. There have been two occasions since the Budget was brought in in which the Chancellor has appeared to treat these matters in a light-hearted spirit. I have particularly in mind that he said the details of the scheme would be set forth in the Clauses of the Bill in language that he could say with safety very few people would understand. Either that was meant to be funny or it was not. No later than last Thursday, when a Noble Lord made a speech in which he referred to the simplification of the Income Tax, the Chancellor of the

[Mr. E. Grenfell.]

Exchequer referred to the fact that action in the Courts led to far greater difficulties when the recognised and highly respected jargon and rigmarole of a great profession is employed. These light-hearted arguments disturb plain city men. When the Chancellor of the Exchequer said to-day that he could not understand why people have been so stupid and have failed to understand the arguments for this Bill, I think he had partly himself to blame. Undoubtedly, one of the difficulties of business men in this House is, that when they come up here as representatives of the coal industry or of the shipping industry—except in the case of the right hon. Gentleman the Member for West Swansea (Mr. Runciman)—they have not the gift of tongue, and they do not present their case very well. It is for the Chancellor of the Exchequer and other Ministers to explain their case quite clearly and without so surrounding themselves with words that we simple folk fail to understand them. There are several things in this Bill that I hope will be amended. The explanation that the Attorney-General gave to my right hon. Friend the Member for Hillhead (Sir R. Horne) satisfied me that there is no danger really in this Clause as it will be amended, and, I think, after the many hours we have spent on it, we might now let it pass and proceed to discuss the further Amendments.

Mr. DAVID REID: I only want to intervene for a moment, and, like the hon. Gentleman who spoke last from the other side, I may say at once, that I am not in business, and I have no personal interest in this matter. I cannot be charged with any of the vices which hon. Gentlemen on the opposite side above the Gangway seem commonly to imply. I only rise because the right hon. Gentleman the Member for Central Edinburgh (Mr. W. Graham), whom I have always looked upon as an extremely eloquent person on this matter, took a point of view which I think was not altogether fair. He said he wished to call attention to the fact that it was only when the question of the evasion of Super-tax was raised there was anything like an audience in the House. I should like to say I shall personally vote for this Clause, but I shall not vote for it for any of the reasons which have

been given. I think this method of dealing with the matter is entirely misconceived. To my mind the Government is suffering from confusion of thought. Super-tax is a tax levied upon individuals; it is not levied upon companies. When a member of a company is liable for Super-tax he is liable as an individual. To try and bring in a company is to my mind making a mistake. I think they are making a mistake for the reason given by the right hon. Gentleman opposite. The effect of the company law of this country has been greatly to assist the development of business in this country. I think company law ought to be left out of the question. Business men ought to be left to make their own arrangements. They ought to be left to make use of company law for legitimate business purposes.

If some people make abuses of company law, they do so as individuals, and the way that the Government should approach this subject is to make those individuals who are guilty of what are considered fraudulent practices liable. No one on this side of the Committee, I am certain, desires for a moment to protect anyone who is guilty of fraudulent practice or any practice which is perhaps not legally fraudulent but is morally fraudulent in its evasion of Income Tax. No one wishes to protect a person who is guilty of that kind of thing; but what we do want to do is to prevent the Government in their endeavour to catch that person, putting a spoke in the wheel of ordinary commerce and industry. Having said that, I have said all that I want to say on this point, but I think it is only fair that it should be understood that what many of us on this side of the Committee object to is not that the Government are trying to catch the tax dodger but that they are trying to catch him in a way that we think is going to throw an entirely additional and unnecessary burden on numbers of people and going to interfere with the ordinary commerce of this country.

Mr. WALLHEAD: I will not detain the Committee more than two or three minutes. I, like other speakers, have no interest of a personal character so far as this Clause is concerned. I have been rather astonished to hear the variety of arguments brought against the Clause.

The Chancellor of the Exchequer has shown the position very clearly. It seems to me that his argument has never been met. I think the case has been completely over-stated on the other side. What we heard from the right hon. Gentleman the Member for Central Edinburgh (Mr. W. Graham) was this—and he speaks, I think, with a certain amount of authority—that there was evasion to the extent of probably anything between £12,000,000 and £15,000,000 per annum.

Mr. W. GRAHAM: What I said was, that according to the report of the Royal Commission there was evasion to the extent of between £5,000,000 and £10,000,000 per annum, but I ought to point out, as, I think, I did at the time, that that was a comprehensive figure in which this would be only one element.

Mr. WALLHEAD: It is a considerable sum at any rate, and it seems to me that Members on the other side who are constantly pressing for economy and for the lowering of the rate of taxation ought to jump at the prospect of putting more money into the Treasury without the raising of taxation. Are we to understand that the continued commercial success of business men in certain forms of companies depends upon whether they can cheat the Chancellor of the Exchequer or not? Does their continued success depend upon whether they can reserve money to which they are not entitled for certain purposes? If this is a condition on which their success as to be assured I do not think we should take the slightest notice of it. They must make up the necessary saving by personal savings as other people do. We have heard complaints about the penalties to be imposed upon the people who defraud the revenue of the country. It is the contention of the Government that there is actual, deliberate fraud taking place, and here are Members turning up in this Committee for the purpose of defending this by all the means in their power. The extent to which they have gone in the last few weeks in making attacks on the Chancellor of the Exchequer, both in private and in public, is a revelation. Surely this is a thing that ought to be put a stop to at the earliest moment. We have been told that an awful penalty is to be imposed on people who act in this way. What is the

penalty? According to the Chancellor of the Exchequer, it is that they shall cease to be a private company for 12 months, and at the end of that time they can return. What an awful penalty! If my wife smuggled a silk dress from France into Dover, she would have to pay twice or three times the amount of its value. In any case, such a penalty would be perfectly fair, but what does this thing amount to? This House was discussing a short time ago the penalty to be imposed upon men who objected to have their livelihood stolen from them by blacklegs, and what is the penalty—three months' imprisonment. Here we are told that it is a tremendous penalty that a man who has defrauded the Revenue for years shall cease to be a private company for 12 months. Members who argue like that ought to be ashamed of the line they took in regard to trade unions.

Sir F. NELSON: I am not in any sense condoning the evasion of taxes.

Mr. WALLHEAD: There has been a tremendous lot of lip service paid to the idea of curtailing the abuse, but what does it amount to? Hon. Members opposite have had a fair innings and have been able to speak smooth nothings about their desire to trap the defaulters. The chief spokesman of hon. Members opposite has told us that business men are engaged in defrauding the State. I am stating that point of view and comparing that with the penalty imposed on working men when they were protecting their livelihood with the penalty imposed on rich men when they have defrauded the State. They are now asked to disgorge part of it and to lose their status as private companies for 12 months. I am not going to vote for the Chancellor of the Exchequer, because I do not think the penalty goes far enough. If he would punish these people by imprisonment, or punish more effectively those who are guilty of this offence, I will support him with pleasure, but I see no penalty in this Bill that would win my admiration, after the line which this House took with regard to trade unions a few weeks ago. I am not an expert and do not pretend to be. I stand for reasonable treatment all round, and after the orgy of fraud which has gone on for years—[*Laughter*]

[Mr. Wallhead.]

Hon. Members may laugh, but, admittedly, it has gone on for years. According to the reports of the committee in 1920, this evasion has gone on for years, and rich people have put millions of pounds into their pockets.

The **CHAIRMAN**: I have not put millions into my pocket.

Mr. WALLHEAD: I do not say that you have.

Sir COOPER RAWSON: When there are Super-tax payers on his own side of the House, why does the hon. Member address all his remarks to us?

Mr. WALLHEAD: If I knew any Super-tax payers on this side who had evaded payment of tax, I would say that what is sauce for the goose is sauce for the gander. I would defend them no more than I would defend defaulters on the other side. I have not two codes, but only one code. I have not a code for myself and my friends and another code for others. What I condemn in others I would condemn in my own people, if I knew of it. I am not defending any particular class. I am backing up the Chancellor of the Exchequer as far as I can go with him. I go with him to the full length in his desire and in his attempt to get back a little of the State's rights as far as taxation is concerned from the gentlemen who have been engaged in a most unholy conflict between the Treasury and themselves as to who should keep or get the loot.

Mr. CHURCHILL: I hope that I may now appeal to the Committee to come to a decision. The hon. Member who has just sat down was speaking, no doubt, with the desire to cast oil on the troubled waters; I hope that none of my hon. Friends will allow themselves to be ruffled and cast into tumult by his extremely peaceful endeavours. We have been discussing this matter since a quarter past three, and we have a very long way to go to-night. Indeed, I can see the light breaking and gilding the various buildings on the Thames Embankment, long before we get to the end of our proceedings. I would appeal to the Committee to terminate this general discussion, which the Chair has allowed to range over the whole field, and let us get on to the specific Amendments. It

may help if I indicate the Amendments which we can accept. I am afraid we can do no more. I hope hon. Members will understand, when I have made my statement, that we have given away all that we have to give, and that it is not a matter of bargaining, but fully and freely accepting what we offer. If that which it is in our power to give does not achieve its purpose, then the only thing we can do is to vote, and we must do our duty according to our lights. It is no use our attempting to spend the whole night discussing this or that Amendment to this particular Clause. I shall move the Amendment which stands in my name on page 1613 of the Amendment Paper. I am prepared to excuse from the possibility of review subsidiaries of public companies and companies where shares carrying 25 per cent. of the voting power are held by the public and quoted. I cannot accept an Amendment dealing with preference shares which only carry voting strength at the time when the dividend is passed by the company. We consider that, on the whole, the influence exercised by the preference shareholders will not be influenced in the direction of protecting the revenue. They are interested in securing a dividend and after their dividend is paid of building up the largest possible reserves. I cannot accept an Amendment in the name of my hon. Friend the Member for Watford (Mr. D. Herbert) regarding shares mentioned in Stock Exchange supplementary lists. I made a mistake this afternoon when I referred to official and supplementary lists. Supplementary lists have special considerations which apply to them. With regard to the Amendments standing in the name of the hon. Member for Watford—to leave out lines 11 and 12 of the Government Amendment and to insert some consequential words, Amendments which eliminate the condition that the shares in question must be shares which have been the subject of a public subscription—I am prepared to accept those Amendments. Whether the shares have come into the market by public offer or whether they have merely drifted on the market and have, in fact, been dealt with, is a matter irrelevant to the nature of the issue which we have to decide to-night.

Mr. D. HERBERT: Does that cover both my Amendments to the right hon.

Gentleman's Amendment—to leave out lines 11 and 12, and in line 16, after the word "to," to insert the words "or acquired unconditionally by."

Mr. CHURCHILL: Yes. I shall move my own Amendment on the Order Paper which deals with the procedure on the submission of a *prima facie* case to the Board of Referees. I am certain that in practice that will leave untouched and untrammelled and undisturbed every company which is carrying on a thrifty, far-sighted, straightforward business. Now with regard to the Amendment of my hon. Friend the Member for Reading (Mr. H. Williams)—in page 16, line 17, after the word "business" to insert the words

"but such sum shall not be apportioned among the members for the purpose of assessment to Super-tax if the total amount distributed is deemed to be reasonable."

I cannot take it in exactly those words, but I promise to introduce on Report words making the object of that Sub-section clear. This also covers the immediately preceding Amendment on the Paper in the name of my hon. Friend the Member for Watford—in page 16, line 2, to leave out the words "not as," and to insert instead thereof the words "may be regarded as not." In short, the principle which we accept is that the fact that money is applied for the purchase of a business from the original owner does not of itself involve the fact that the distribution of the profits is necessarily unreasonably small. It does not prejudice the position which the Special Commissioners or the Board of Referees will take. I am willing to insert words on Report which will meet that criticism effectually and thoroughly.

As to the Amendment of the hon. Member for Watford, which we are at present discussing, I am prepared, as he is going to withdraw his Amendment, to introduce words on Report making it clear that this Sub-section only applies to a business which a company was formed to acquire or which was the first substantial business which in fact it did acquire, but does not at all apply to later transactions or the later development of the business. It does not at all apply to the slow extension of a fishing fleet out of the carefully hoarded profits. That is not even in the slightest degree affected by this Clause. What we are aiming at is the gentleman who has sold

his business to himself and is going to take his income for the next 10 or 15 years in the form of debentures free of Super-tax.

Mr. H. WILLIAMS: Will the Amendment in the names of myself and other hon. Members—in page 16, line 14, to leave out the words "acquired by the company," and to insert instead thereof the words "which the company was formed to acquire"—meet that?

Mr. CHURCHILL: I was speaking in connection with the Amendment of the hon. Member for Watford, to leave out Sub-section (1), and in connection with the Amendment of the hon. Member for Reading I can promise to introduce words on Report to make it clear that the Sub-section only applies to a business which a company was formed to acquire or which was the first substantial business it did acquire. It covers both Amendments. I cannot say I will accept the exact words of the hon. Member for Reading, but I am prepared to deal substantially and effectually with that matter on report. The hon. Member for Reading has also an Amendment—in page 16, line 31, at the end, to insert the words,

"Provided that paragraph (a) in this Sub-section shall only apply in the case of obligations entered into after the twenty-eighth day of April, nineteen hundred and twenty-eight."

On that, I can undertake to insert words on Report which will limit the operation of the Sub-section to cases where the business was bought after the declaration of war. I would like to point out that this is not a question of exempting for all time old companies. All the acceptance of this principle does is to respect old pre-War contracts. Where the contract was made to pay a certain sum for a purchase price pre-War, we are ready to recognise that as a binding obligation and will accept words to that effect. I am not able to exempt a particular class of companies for all time and to earmark them specially as being immune from the ordinary taxation of the country. We will respect these contracts, however, and I will give effect to this upon Report.

Mr. W. GRAHAM: It is extremely difficult to follow that in the form in which the right hon. Gentleman has now put it. Does that mean that the Clause,

[Mr. W. Graham.]
as he proposes to amend it, will run with the Section of the 1922 Act, dealing with post-1914 companies?

Mr. CHURCHILL: There are companies which are in a special immunity because they are pre-1914. We sweep away that immunity. But there are pre-1914 contracts which oblige a company to pay to the original vendor certain sums of money. Those contracts we respect because they are definite obligations entered into before the War. We give the immunity not to any particular organisation but for the execution of a definite contract. That is the position there. It is a fine distinction, but one which I think it is quite legitimate to draw. Then there is the Amendment of my right hon. Friend the Member for West Swansea (Mr. Runciman), which asks that the Board of Referees should be fortified by persons of the particular industry in each case. There are, of course, immense varieties of industries in this country, numbering perhaps hundreds and perhaps thousands, and, though I would not go as far as to say that every variant of trade would find one of its own representatives there, we will add to the panel of referees adequate representation of the principal groups of trades and arrange that any body of referees convened from the panel to deal with a particular case shall have a representative of the industry concerned upon it as long as the industry is a recognised and substantial industry. That would go a long way to meeting the views which my right hon. Friend has expressed.

There is an Amendment on the Paper which suggests that it should be an instruction to the Board of Referees to make sure that the practice of the parties under review did not fall below the general level of the trade in which they are engaged. This would be much too severe for the parties concerned. We are contemplating action only in cases which are flagrant, and extravagant, and which have no relation whatever to the ordinary course of business. That is what I have been trying to make clear to the Committee all the afternoon. Merely to say that the practice did not conform to the ordinary practice of the trade would be giving no protection to the individuals concerned. The indi-

vidual or company might be building up reserves over a lengthy period of years, paying no dividends, strengthening their position, and yet would be able to make a case which the Board of Referees would unhesitatingly accept and support.

Sir F. HALL: Does he recognise that this is a double-edged sword? If you are going to put somebody on the Board of Referees who understands the particular business, he may be a competitor, and may make himself thoroughly cognisant of all your business.

Mr. CHURCHILL: I am quite ready to see that the specially informed member shall only sit upon the panel of referees in any particular case at the demand of the taxpayer. If the taxpayer says: "Let me have somebody who knows my trade," it shall be done.

Mr. WALLHEAD: Will the right hon. Gentleman accept the latter part of the Amendment of the right hon. Gentleman the Member for West Swansea—"And another member shall be an accountant acquainted with the industry"?

Mr. CHURCHILL: No. I have said all that I have to say. There shall be at least one member, if the taxpayer demands it, who is acquainted with the trade. There remains only the Amendment standing in the name of the hon. Member for Reading (Mr. H. Williams) on Clause 30. The hon. Member proposes to leave out the words "that date" and to insert the words
"such date as the Special Commissioners shall consider just having regard to the dates on which distributions have been or might reasonably be made."

This Amendment can be accepted in principle, and words will be introduced on Report stage to cover it. It is rather a technical point. It is a question of the date at which this operation shall come into force, and it is proposed that the date shall be struck from a reasonable date having regard to the dates at which the dividends were distributed in the past instead of from the automatic end of the accounting period. I think I have now stated the position which the Government take up and the Amendments they are prepared to accept.

Mr. HERBERT: Will the right hon. Gentleman refer to the Amendment in my name to Clause 29, which is to add the following new Sub-section:

“() For the purposes of the said Section twenty-one of the Finance Act, 1922, any part of a company's actual income from all sources for the year or other period in the said Section referred to which has been distributed among or paid to or for the benefit of any employés or former employés or widows or dependents of any employé or former employés of the company shall be deemed to have been distributed among the members of the company.”

It deals with the question of profits distributed amongst employés. I understand that the Revenue authorities think these words are not necessary, but if I can show him that they are I hope he will be prepared to accept them.

Mr. CHURCHILL: We are advised that these words are not necessary. Money distributed among employés is deducted as if it were a proper expense for Income Tax purposes. I am advised that the words are unnecessary because they add nothing to the existing law. If it is found in the interval that the hon. Member is right, words will be introduced to cover the point, but we take our stand on the fact that it would be a work of supererogation to put them in.

Mr. RUNCIMAN: What is the attitude of the right hon. Gentleman in regard to the Amendment standing in the name of the right hon. Member for the Exchange Division of Liverpool (Sir L. Scott) and myself, to leave out in paragraph (ii) of his Amendment the word “any” and to insert instead thereof the words

“with a view to the.”

The object is that when a *prima facie* case is brought, the condition of bringing it should be that there is a suspicion that it has been done with the intention of avoiding payment of Income Tax, rather than that the intention to evade Income Tax should arise after the *prima facie* case.

Mr. CHURCHILL: I am afraid I cannot accept that Amendment, because it would lead to a statutory obligation to prove motive. After all, the stating of a *prima facie* case is not a legal proceeding, and will not have to be fought out with the supreme logic of a Court of Law. These cases will have to be dealt with from the point of view of what a reasonable and fair tribunal consider is a *prima facie* case, and a *prima facie* case will be established when tax is being evaded in a flagrant

manner by unreasonable and exceptional means, and only such cases will be brought to the notice of the tribunal. I do not think I can undertake to make it necessary for the Board of Referees, in its preliminary examination, to pronounce upon the motives of the party concerned. They would have to pronounce that the facts were such that a much closer examination was required.

Sir J. MARRIOTT: The Chancellor of the Exchequer has not said anything in reference to the Amendment which stands in the name of the right hon. and learned Member for the Exchange Division of Liverpool, and the hon. Member for Barnstaple (Sir B. Peto).

Sir B. PETO: There is also the Amendment, to add at the end of Clause 29 the following new Sub-section:

“(6) The provisions of this Section and of Section twenty-one of the Finance Act of 1922 shall not apply to any sums paid to reserve for the extension, development, or maintenance of the business of any company engaged in commerce, trade, or industry.”

Earlier in the Debate the right hon. Gentleman told the Committee that he is prepared to accept any Amendments which would not vitiate the purpose of this Clause, and which were acceptable to the trades and industries of the country. Many hon. Members are interested in this Amendment, and we would like to have some expression of opinion from the Chancellor of the Exchequer as to whether legitimate transactions in placing to reserve sums of money for the extension, development and maintenance of the business of any company engaged in commerce, trade or industry, should not be left entirely out of the purview of this Clause.

Mr. CHURCHILL: Here we are dealing not so much with motive as with a declaration of motive. This Amendment cannot be accepted, because it would be open to the company to say that they had paid these sums for the extension and development of the business. That may not be true. If it is true, it is already covered by the words in the Clause, “necessary or advisable for the development of the business.” To insert this Amendment would be to render the whole Clause useless.

Mr. STORRY-DEANS: May I ask whether the Chancellor of the Exchequer

[Mr. Storry-Deans.] will consult with the Attorney-General as to the substantial legal difference between "motive" and "intention," and whether he will not further consider the Amendment standing in the name of the right hon. Gentleman the Member for West Swansea (Mr. Runciman). If the right hon. Gentleman will consider this for a moment from the point of view of the lawyer who has to interpret the Statutes, he will find that there is a great difference between "intention" and "motive," and without going into any question of motive it would be perfectly safe for him to accept the Amendment of the right hon. Gentleman.

Sir R. HORNE: I should like to express my gratitude to the Chancellor of the Exchequer, and the Attorney-General for the way in which they have met me on the argument I advanced on the Amendment of the hon. Member for Watford (Mr. D. Herbert). Of course, I do not propose to insist, as far as I am concerned, upon the Amendments being discussed in view of the assurance given that the Government have no intention of catching any such company as I described, and that they are prepared to put words in the Bill before the Report stage which will meet that point of view. Before parting with this matter I should like to bring to the notice of the Chancellor of the Exchequer a class of company for which the Government apparently do not realise that they have to provide. It is a kind of business which is perfectly legitimate, and which should be safeguarded. It is this. When you provide that a company is not to take into consideration the price of the business which they originally acquired, you meet with a kind of transaction which is familiar to my right hon. Friend, and I hope that he will take account of it when he is designing the Clause afresh. It is this: I myself was engaged in a case which was connected with three young men who purchased a ship. It was the very first transaction they had ever had. They had only a very small amount of money, and they borrowed all the rest to form what is known as a one-ship company. These people could never have done that transaction if they had not been allowed to put a great part of the revenue that they obtained from the use of the ship to the purchase. That is just one of the

things that my right hon. Friends do not seem to realise would be struck at by the first part of the Clause.

Mr. CHURCHILL: No, Sir.

Sir R. HORNE: I beg them to consider that not merely the development of the business but the original acquisition of the business should be taken into account. That kind of transaction takes place. There is no reason why a legitimate transaction like that should be struck at in an Act of Parliament. These transactions are very well known.

Mr. CHURCHILL: Long before it got to the stage where that particular transaction would be struck at, a great many other precautionary arrangements would come into play. In the first place, assuming that the Inland Revenue Commissioners asked these young men to make their statutory declaration that in buying the ship in this way there had been no tax-avoidance, the young men would just file their explanation. They would say, "Here are we, three young men. We have bought this ship and hope to build up a company which will trade and make trade as well." If it is conceivable that the investigation would go any further, that by any chance the malignancy of the Inland Revenue would be such that the investigation would go further, on the facts disclosed no one can assume for a moment that these people, who are trying to create a business like that by buying a ship, would be held to be engaged in tax avoidance. If the Special Commissioners had a hand in the matter, and if they were unconvinced by the three young men, the matter would go to the Board of Referees. [*Laughter.*] Let no hon. Gentleman laugh at the enterprise of this country. A great many weak brethren are kept going by those who undertake such enterprises. The matter would go to the Board of Referees, and on the issue of whether there had been tax avoidance. You must trust an impartial body like that. I am certain that 10 minutes of the eloquence of my right hon. Friend, employed before the Board of Referees, would decide the matter in favour of those who had taken such a course. It is only after all these transactions have been gone through that Clause 29, with all its safeguards, comes into play.

Sir R. HORNE: Really, the right hon. Gentleman has not read his own Bill or has not appreciated what it provides. This Clause provides that, when a matter comes before the Special Commissioners, they shall not be entitled to regard sums paid for the acquisition of the ship, sums which should be written off against the ordinary business of the company. The right hon. Gentleman absolutely puts an embargo on the Special Commissioners and the Board of Referees taking that into consideration. If my right hon. Friend would really apply his mind to that, he would see that what he has to alter is something which will bring about the condition in which the very safeguard which he describes would come into operation. So long as the Clause stands as it is, the Special Commissioners and the Board of Referees would not be entitled to take these very matters into consideration. As I understand that we have the assurance of my right hon. Friend that he is going to deal with the matter, I hope the Attorney-General will take this matter up with the others and see whether words can be found which will save just such a case.

My right hon. Friend the Chancellor of the Exchequer uses words of beneficence in this matter. He talks as if these things are to be done only when the example is flagrant, when unusual means are being used. But none of that phraseology gets into the Bill, and, unfortunately, these Clauses will be interpreted, not by the beneficent sentiments of my right hon. Friend, but according to the strict language of the Clauses of the Bill. I would remind him that when the Attorney-General replied upon the point about putting in something indicating motive or intention, the words he used—I took them down at the time—were that he was only attempting to get at the man who was using the machinery of the Companies Acts in order to avoid Super-tax. If that is what it is intended to do, why does not the Attorney-General put in this Clause language which will say that the Clause strikes only at a man who does it in order to avoid Super-tax or who uses the machinery of the Companies Acts with a view to avoid Super-tax? Surely that is a perfectly simple consideration.

I must really beg my right hon. Friends to go a little further in this matter. If they intend to strike at those who are doing things in order to defeat the ordinary principles of taxation, I submit that they should use phraseology that clearly attains their end. As my right hon. Friend's Amendment stands now, the effect of it is this: Wherever the avoidance of Super-tax occurs this question is raised. There is always an avoidance of Super-tax in result if you do not distribute more than a certain amount. It is simply a question of result, as my right hon. Friend said. The only point, accordingly, which it is competent for the Commissioners to consider is whether, in fact, there has been a reasonable distribution or not, apart altogether from intent or motive, because if there has not been, in the view of the Special Commissioners, a reasonable distribution there is necessarily an avoidance of Super-tax. Then you are submitting to the discretion of someone right outside the business what is a reasonable contribution, and if he does not think it reasonable, apart altogether from any intention, the matter must go further. That is entirely against everything that my right hon. Friends have protested against in these Debates. I beg them to consider whether the English language is not capable of expressions which will put into this Bill those beneficent intentions which they have expressed in their speeches.

Mr. CHURCHILL: I really must recall the Committee from these hypothetical hard cases, in which it is assumed that the administration will be the most unreasonable and the wickedest that there has ever been, under provisions which, so far as I am responsible for them at all, I have founded upon the words that fell from the lips of the original creator of these Clauses. I have simply endeavoured to fulfil his original intention. I have not come up to his original intention. I have gone only a short way towards repairing some of the damage which was done to the revenue by those Amendments which he accepted under the kind of pressure that I am subject to to-night. I say that I am not going to have this matter decided, and it ought not to be decided, by the Committee on the

[Mr. Churchill.]

basis of what is the worst thing that can be done to the most simple and honest and ingenuous person by the cruellest and wickedest and most unreasonable Income Tax official. It is absurd. We have a right to appeal to practice and to facts. Out of 40,000 companies which, for four years, have been in active administration within the area of this legislation, only 550 have been questioned in any way; and of that latter number only one-half have been judged to have been liable to a surcharge of any kind. It is ridiculous that the Committee should be asked to deal with these most extreme and extravagant points of difficulty when, as a matter of fact, under the practical working of the matter, the whole affair has been proceeding smoothly, and 99 out of every 100 companies involved within the ambit of my right hon. Friend's legislation have never been aware of the slightest difficulty or oppression.

So far as this particular matter is concerned, we believe that no difficulty will arise; but we cannot, in any event, undertake to commit ourselves to attribute motives. The Crown has never undertaken to do that. No one has used stronger language, and, if I may say so, better-chosen language, than my right hon. Friend in regard to that, but nothing will induce me to commit the Crown in this legislation to imputing motives at any stage. The moment you do that, you render it nugatory. I have given my closest attention to this matter; I have examined most carefully what has taken place in the past; and I say that there is not the slightest foundation for the apprehensions which the right hon. Gentleman has put forward. We know perfectly well that the champions of these three young men and their ship take a very unsympathetic view of any method of taxation; but, in the interval between the Committee stage and the Report stage, if it can be brought home to me that there are dangers which we have not foreseen, and if they are words by which these dangers can be avoided, which do not commit the Crown to imputing motives, I shall be perfectly ready to give most careful attention to them.

Mr. GRAHAM: The Chancellor of the Exchequer must not so airily throw away the only support which he appears to have in the Committee. A number

of my hon. Friends and I have done our best to elucidate very difficult Clauses in this Bill. I rise at this moment to find out what is the position of our business because, at this stage, the Amendment of the hon. Member for Watford (Mr. Herbert) is still before the Committee, and the Chancellor has intervened to make a statement regarding the Amendments on the Paper which he was prepared to accept. As I understood it, the object of that intervention was to shorten the Debate. It may be, from some points of view, that the Debate has been shortened by the statement which has been made, but it is perfectly plain that on the Amendments that are to be accepted further explanation is required. Strictly speaking, at this stage, what has happened has been that the right hon. Member for Hillhead (Sir R. Horne) and others have started to debate the merits of the proposals which, on the Chancellor of the Exchequer's acceptance, are still to come before the Committee. Then, apart altogether from those Amendments to be accepted, there are many Amendments on the Paper which, I presume, will be called, and which probably Members in different parts of the Committee will desire to support. In these conditions, it is plain that we are in for a very long sitting of the Committee. Accordingly, I rise to ask the right hon. Gentleman whether, in these circumstances and with all the technicalities of the night and the dawn before him, he still intends to try to reach Clause 46, on the Road Fund, which again will be the subject of considerable debate. I want to appeal

to the right hon. Gentleman
10.0 p.m. to abandon at least that Clause for to-night, and to let us understand that at this point we are to bend our energies, if that is his intention, solely to Clauses 26 and 31, with the Amendments which will be selected by the Chair.

The CHAIRMAN: I think it would be more convenient if the right hon. Gentleman would move that the Chairman do report Progress. We cannot have this sort of discussion in this Debate.

Mr. GRAHAM: I beg to move, "That the Chairman do report Progress, and ask leave to sit again."

Mr. CHURCHILL: I am sorry to trespass so much on the time of the Committee, but I must ask the Com-

mittee to persevere. We have a very long way to go. It seemed that a very large measure of agreement had been reached. The right hon. Gentleman for Hillhead (Sir R. Horne) has raised an extremely ingenious point, to which I presume he has given careful attention, and somehow political partisanship seemed to spring up, which might possibly delay our proceedings. We have an enormous number of Amendments on this particular Clause 29; then we have another Clause, not of very great importance; and then we have Clause 31, on which there must be considerable debate. There are one or two minor points in the other Clauses in this particular Section of the Finance Bill. Then we come to the Road Fund. It is my view that we ought to get the Road Fund before we separate. [HON. MEMBERS: "Oh!"] How are we going to deal with our business otherwise? If we do not get the Road Fund before we separate, we shall not be able to begin with the Betting Tax to-morrow, nor take it as the principal piece of resistance. Of course, I am in the hands of the Committee, and if the Committee will give us our Bill at a reasonable hour to-morrow, I can perfectly well postpone the Road Fund. Then we can do the Road Fund and the Betting Duty debates to-morrow. If, however, it is intended to carry this Debate on over to-morrow, and if more than the four days to which we have been working for the Committee stage of the Finance Bill are taken, we shall have to sit late to-night, and endeavour to make the necessary progress to-night, so as to finish the Committee stage to-morrow. After all, we have had to give a day for the Vote of Censure and the inconvenience which will be caused without any good purpose if Members have to come back on August Bank Holiday or after it, will be very great indeed. I know that everyone always says "Oh, nobody minds," but in practice, everyone minds very much indeed. I do not believe it would be useful or convenient to the House to break the time-table, to which we are always endeavouring, subject to our duty thoroughly to discuss things, to work. Therefore, I urge the Committee either to let us have the Road Fund Clause to-night or, in the event of it being decided that we shall reach the close of the Com-

mittee stage at a reasonable hour to-morrow, I am quite ready that the Road Fund should go over until to-morrow.

Mr. WALLHEAD: You should recognise that your own supporters have kept you going; we have not done so.

Mr. GRAHAM: I am afraid it is altogether impossible, so far as we are concerned, to accede to the appeal which the right hon. Gentleman has made. After all, four days were set aside for the Committee stage of the Finance Bill, and the right hon. Gentleman indicates that it is his desire to wind up the Session at the earliest possible moment. He offers, as one of his reasons, that the Vote of Censure will take up the time of the House. It is perfectly fair to remind him and the Committee that practically the whole of the proceedings to-day have been due to the attack on his policy from his own side of the House. The position is that we are asked to finish this Clause to-night, in addition to the Road Fund, and there are a large number of other Clauses which we shall have to consider to-morrow afternoon and far into the following morning. I suggest that that is altogether unfair, when we have got £850,000,000 of expenditure to debate under these proposals, and that it is a very moderate and very reasonable request to ask the Government for extra time for the Committee stage of this Bill.

Mr. BALFOUR: I am sure all members of the Committee were interested to see the efforts made by the right hon. Gentleman the Member for Central Edinburgh (Mr. W. Graham) to render assistance to enable the Government to make progress to-night. I always rather interpreted the functions of the official Opposition in the contrary sense. But I think it is possible to make progress and at the same time possible also to defeat the object which the right hon. Gentleman has in view. If the Chancellor of the Exchequer can state in definite language to his supporters on this side of the House that he is prepared between now and the Report stage—or if we fail to get that concession before now and the Report stage that he will make the concession before this is operative in the next Finance Bill—to state that his only object is that which

[Mr. Balfour.] he has declared to this House and to the country as the one sole object which His Majesty's Government has in view and nothing more, he will receive the whole-hearted support of all his supporters on these benches, and I suppose of every Member in the House, to whatever party he belongs. If the right hon. Gentleman will make it clear between now and Report stage that this Clause is intended to catch and to punish and to penalise one class and one class only, he will have the support of every one of the Members on these benches and I am sure of hon. and right hon. Gentlemen opposite. The right hon. Gentleman informed the House that through the operations of the one-man companies it had been possible to evade and avoid the just and proper due of Super-tax taxable against an individual. We all agree that in every case wherever it can be shown that such action has taken place that these people should be brought within the scope of the law of the land. Hon. Members may try to get out of it and state that we are trying to get special concessions for what they call our class of people. We are doing nothing of the kind. We are as anxious to see those people whom I have mentioned caught as hon. Members opposite, but we say to the Chancellor of the Exchequer: "We will not have the Clause put into operation by means of throwing a drag-net over a wide field of industry and incidentally scooping in these people who are to be punished." This Clause must be framed to capture and punish the people who are out to evade the law. It must be a Clause which in its language is only intended to capture those people who are present endeavouring to evade their just and lawful dues to the revenue of the country. If the right hon. Gentleman is in a position to say now that he will, between now and Report accept Amendments, designed to remodel Clauses 29 and 31, and make it clear that there can be no evasion and no loophole to protest these people whom we all wish to see caught and brought within the mesh of the law, but that he will not seek to achieve that by throwing a net over a wide field of industry in order to catch them—if he will reverse this Clause and make it operative particularly against those people and not make

it incidentally operative over a wide field of industry; if he is able to give us an assurance that he will fairly accept any Amendment which will achieve that object and which will assist his Department in achieving their object—then, I think, indeed, that we can make progress.

Mr. CHURCHILL: I have already described in full detail the treatment which the Government can afford to the various Amendments which I have read out and I gather that that has been found to give satisfaction to a very large extent to some of those who are friends and supporters of His Majesty's Government. In some cases Amendments have been accepted; in other cases I shall move Amendments and in other cases again I have undertaken to consider matters between now and Report. So far as this Finance Bill is concerned that is the end. No more Amendments can be accepted and no more Amendments made and everybody must do their duty as they think fit in the circumstances. So far as next year is concerned, I should like to point out that the whole of this matter lies under the control of the House until the Financial Resolution is passed next year. Therefore, in the interval, it is open to my hon. Friend who has just spoken and who made an offer in the spirit which I am sure was designed to expedite proceedings—[*Interruption*]. I know it was—if he or anybody has any better suggestion for dealing with these difficulties, if such a suggestion can be made, I shall consider it with the greatest attention. I am prepared to see that there is full assistance available for any inquiry into the matter and I do not for a moment suggest that what we are proposing now is the end. I am sure it is not; I am sure that it can be improved upon in the interval. We have whole year before us and I shall give the most careful and attentive consideration to any recommendations that may be made. Having said that, I have definitely said all that is within our power.

Mr. BALFOUR: Does not the right hon. Gentleman understand the disturbance that has been created in industry and the effects that these Clauses have on the whole of industry. Is he not prepared to go further and say he will repeal this

Clause next year and introduce a new Clause to achieve the object which he desires?

Mr. BUCHANAN: I would ask hon. Members in this Committee to realise that what we are discussing is not the Clause that the hon. Member for Hampstead (Mr. Balfour) set out to discuss, but we are discussing a Motion to Report Progress, and we are not discussing the merits or the rights or wrongs of this Clause. I want to say to the Chancellor of the Exchequer that I have never seen a Member of this House stand in such a humiliating position as he has been placed in during the latter stages of this discussion. I have listened to this Debate practically all day. I heard the right hon. Gentleman's first speech in which he stated without the slightest trace of ambiguity the exact position of the Government. I heard the speech reinforced by the speech of the right hon. and learned Attorney-General and yet, despite that statement, the Chancellor of the Exchequer—this great strong Chancellor of the Exchequer who recently addressed a Primrose League meeting in the Albert Hall and told them how he could govern the world—when one Member, and not a very outstanding Member, of his party gets up and with a speech that in every sentence of it—if any person watched his facial expression he could see nothing but bitter hatred from one Member to another—[*Interruption.*] I say quite frankly that no Member who sat here and watched the hon. Gentleman making his speech could see anything but hatred, and those who watched the right hon. Gentleman the Member for Hillhead (Sir R. Horne) must also have been interested. I do not want to create any diversion. It may be that I am doing an injustice to the right hon. Gentleman and I do not want to do that, seeing that he is a colleague from Glasgow. It may be that there was a conflict of opinion.

The Chancellor of the Exchequer having explained and re-explained at least four times to his own supporters the position which he has taken up, was called upon for still another explanation, and that seems to me to be humiliation in its worst possible form. The Opposition are entitled to some consideration. We are the right hon. Gentleman's supporters to-day, and it is to the credit of the Opposition that we should sup-

port even this Government when we think they are right. The Members on the Opposition Front Bench have proved themselves to be the only real Government in this country by showing that they are prepared to look higher than mere narrow party or business considerations in a matter which concerns the general good of the community. We now come to the position of considering how far we are to go on with this business to-night. The right hon. Gentleman's own supporters have made many speeches. The right hon. Gentleman the Member for Hillhead has made the same speech twice, I have heard the hon. Member for Watford (Mr. D. Herbert) explain his views once or twice and I see that the hon. Member for York (Sir J. Marriott) has not yet finished. I know that the Parliamentary Secretary to the Treasury strives to handle the business of this House and to make due allowance, within reasonable limits, for occasional loss of temper, but he must be aware that we have to meet again to-morrow, and if the Chancellor of the Exchequer is to be in a position to discuss the further Clauses of the Bill and if he is to treat the Committee with proper respect he must get a decent sleep between to-night's adjournment and to-morrow's meeting. It is not treating the Committee with respect if the Chancellor of the Exchequer is to stay here until 9 o'clock or 10 o'clock to-morrow morning, and is then to be expected to bring a fresh mind on the important business which lies before us.

I suggest that the right hon. Gentleman should state that he is not going on with the Road Fund proposals, at any rate not in the small hours of the morning. Of course, if it is to be a case of trying to force the matter through then the Opposition can enter into the game and if speeches are to be made, we shall make our due contribution. I have no wish to obstruct the business which has been proceeding fairly harmoniously but, with reference to the argument used about sitting on Bank Holiday, I may remark that I have been in this House on at least three August Bank Holidays and I cannot see any objection to meeting on a Bank Holiday this year if it is in the interests of giving proper discussion to this Road Fund proposal. We should remember that the Finance Bill is the most important Bill of the year. It decides Government policy in regard to

[Mr. Buchanan.] every other matter for the forthcoming Session. The Government supporters have had the best part of the time to-day and the right hon. Gentleman is now offering to the Opposition the leavings of the Parliamentary day. If the right hon. Gentleman has no respect for his own supporters, he must have some respect for the Opposition and I hope the Opposition Front Bench will insist that, if we cannot have the Road Fund proposals discussed at a reasonable hour, we shall endeavour to make it as difficult as possible for the Government.

Mr. STEPHEN: I am sure many of us on these benches have a good deal of sympathy with the Chancellor of the Exchequer in the humiliating position into which he has been put by his own supporters. He is willing to take the Road Fund to-morrow if we are also willing to take it and the Betting Tax to-morrow, if the business of the country is to be done with due regard to Members of Parliament being out of doors on Bank Holiday. I think the Chancellor of the Exchequer is rather unfortunate in taking up that position, and I am going to suggest to him a way in which we may make progress to-night. It is that the right hon. Gentleman should stand up to the people who are supposed to be his supporters. I wonder whether he is in such a hurry in regard to this thing because he is afraid that by to-morrow the right hon. Member for Hillhead (Sir R. Horne) and those who are with him on this matter will be presenting their ultimatum to the Cabinet and demanding the Chancellor's head on a charger.

I have seen the right hon. Member for Hillhead (Sir R. Horne) trying to make trouble for the present Chancellor in this present Parliament on other occasions, and I have always noticed that when the present Chancellor has stood up to the ex-Chancellor, the ex-Chancellor in a very short time has been only too anxious to congratulate the present Chancellor on the brilliance with which he has carried on the business. I suggest to the Chancellor of the Exchequer that while he is still in this job he should go on the lines on which he has gone to-day. I do not believe that the people who have been taking part in this discussion to-day, with all due respect to them, will do anything at all

against the Government. I have no real aversion to the hon. Member for Hampstead (Mr. Balfour), or the hon. Member for York (Sir J. Marriott), or the hon. Member for Watford (Mr. D. Herbert). They are all very pleasant gentlemen in their own way, but I believe that the Chancellor would find that he would make ever so much better progress if he would give them his answer and be done with it, and tell them that that is all that he has to say to them. They know perfectly well that their salvation is bound up with the Chancellor of the Exchequer's retaining his office in this Government. They know as well as anybody else that there is practically no member of this Government, apart from the Chancellor of the Exchequer, who gives it any measure of confidence in the country. I am quite serious when I say that, because while we on these benches remember the record of the present Chancellor, and know that his ecclesiastical figure is the Vicar of Bray, that he may change his party, at the same time—

The DEPUTY-CHAIRMAN (Captain FitzRoy): That seems a curious reason for reporting Progress.

Mr. STEPHEN: I am sorry, but perhaps you will excuse me being a little bit carried away, Captain FitzRoy, because of a sense of grievance that we have, for we have been waiting here all day to get on with this Bill. There are many Amendments on the Paper, but it is perfectly well within the knowledge of everybody in this Committee that there is practically not one of those whose names are down to those Amendments who would have the courage to go into the Lobby against their own Government. The Chancellor of the Exchequer has been footling away the time of the Committee in listening to their attempts to try to make evasion possible. If the Chancellor would only show a little more courage against his own supporters and impose a little discipline on them, and show a little more consideration for the Opposition, we should make more progress with this Finance Bill. He ought not be frightened of the right hon. Gentleman the Member for Hillhead, because it is quite certain the country would never stand him as the successor of the present Chancellor.

Mr. CLYNES: It is never desirable to have a long Debate on a Motion of this kind. I have only heard at second-hand something of what the Chancellor said since this Motion was submitted, but I recall to his mind the question he was asked by my right hon. Friend the Member for Colne Valley (Mr. Snowden), because the answer he gave then was an indication that it was not desirable to begin at any late hour any very important section of the Finance Bill. I seriously put it to him that he would best be consulting the interests of the Bill itself and the general convenience and desires of the Members of the Committee on both sides if he would express himself as being content with concluding to-night those Clauses in the Bill which deal with this question of Super-tax and not touch the Road Fund until we resume the Bill later.

Mr. LLOYD GEORGE: I should like to support the appeal of the right hon. Gentleman the Member for Platting (Mr. Clynes). I earnestly trust that the Chancellor of the Exchequer will not compel the House to undertake to-night the discussion of a topic which excites so much general interest in the country as the Road Fund. His method of dealing with the Road Fund is a novel one and has caused a good deal of discussion and animadversion, and it ought to be discussed at a time when there will be a full opportunity of presenting the case. All the great local authorities in the country are supremely interested in it. They are moving in the matter. There is some sort of rumour that there is a statement to be made on this subject. If there is a proposal to be submitted to the judgment of this Committee by the Chancellor of the Exchequer or by the Prime Minister, it surely ought to be done at a time when there is a fair opportunity for discussing it. I understand that there are still several pages of Amendments to be gone through on the Income Tax Clauses. The Chancellor of the Exchequer is a sufficiently old Parliamentary hand to know that it would, perhaps, facilitate matters very much if he were to give the intimation suggested by the right hon. Gentleman the Member for Platting, that is, that he does not propose to go beyond the disposal of these eight and a-half pages

of Amendments. That would be a very reasonable concession and a very liberal concession.

Mr. CHURCHILL: Of course, I am in the hands of the Committee. Not only have we had strong appeals from the Leader of the Opposition and from my right hon. Friend the Member for Carnarvon Boroughs (Mr. Lloyd George), but there is, of course, a very strong body of opinion on our side of the Committee which is very anxious to discuss the Road Fund. Having regard to the amount of business on the Order Paper, unless the programme is adhered to, the whole business of winding up the Session will be upset. However, in view of the opinions which have been expressed from all quarters in the strongest way, and which I have heard through other channels from the Conservative side of the Committee, I am prepared to meet the wishes of the Committee that the Road Fund shall be undertaken when we meet to-morrow, and not before. If the discussion on the Road Fund is to be undertaken when we begin to-morrow, we might finish the taxation provisions on which we now are, and the other Clauses of Part IV of the Bill, which are of a non-controversial and technical character. That will enable us to take Clause 46, which deals with the Road Fund, as the only Clause to be dealt with to-morrow, and, after that, we shall be able to get on with the new Clauses. That would mean that Clause 46, when we reach it, would be postponed, and that we should have run through the other provisions to the end of the Bill by to-morrow.

Mr. LLOYD GEORGE: Does the right hon. Gentleman insist on taking Clause 45, which, surely, has a bearing on Clause 46?

Mr. CHURCHILL: That has gone.

Mr. W. GRAHAM: The statement which has been made by the Chancellor of the Exchequer alters the situation, and I think I speak for all my colleagues when I say that, if the right hon. Gentleman agrees to postpone Clause 46, which covers the Road Fund, until to-morrow, then, Clause 45 having been already disposed of, there is very little, if anything, in the remaining Clauses of the Bill, and, accordingly, so far as we are concerned,

[Mr. W. Graham.]
we should be prepared to accept that offer. On that basis I beg leave to withdraw the Motion to report Progress.

Motion, by leave, withdrawn.

Mr. D. HERBERT: I should like to expedite matters, if I can, by asking the leave of the Committee to withdraw my Amendment.

Amendment, by leave, withdrawn.

Mr. H. WILLIAMS: I beg to move, in page 15, line 39, after "1922," to insert the words:

"shall be amended by the addition of the words 'or such part thereof as they may require the Board of Referees to decide as being a reasonable distribution' after the words 'direct that for the purpose of Super-tax the said income,' and."

I think that this issue was not dealt with in the Summary of Amendments which the Chancellor of the Exchequer said he was prepared to accept, or in the general Debate that we have had on the question. I want to ask the Chancellor of the Exchequer to give consideration to one point. If the Amendment which I am now moving were incorporated in the Bill, it would lie in the power of the Commissioners to impose the full penalty in cases where the full penalty ought to be imposed, but, on the other hand, in the case of a nominal offence, the only penalty that would be imposed would be in respect of that part of the income which was not properly distributed.

Sir SAMUEL ROBERTS: I hope that this Amendment will not be accepted. Although I object to this Clause as it stands, I think that this Amendment would make matters worse from the point of view of business. As the Clause stands, a case would have to be fairly flagrant before it could be dealt with at all, but if, on the other hand, the Commissioners are able to draw a dividing line between what is reasonable and what is not reasonable, a great many more companies would be brought under review than would be the case under the original Clause. Therefore, in the interests of business, I hope the Chancellor will resist this Amendment.

Mr. CHURCHILL: I am not able to accept the Amendment for the reasons

which have been given by my hon. Friend behind me. It would not be in the interest of the taxpayer for us to invite the Board of Referees to lay down a rule as to the kind of proportion which should be adopted as a standard. It is far better that the matter should be left as it is by the Bill and that only flagrant and extravagant cases which stand out will be dealt with. Secondly I cannot agree, when a case of this flagrant character has been made out in the opinion of these impartial judges, that only a proportion of the profits should be taxed. The company in question should lose its status for a year and drop down to the position occupied.

Amendment, by leave, withdrawn.

The DEPUTY-CHAIRMAN: The right hon. Gentleman the Member for West Swansea (Mr. Runciman) has three Amendments very much of the same character. It is a question of which he would like to move. I am referring to the Amendment in page 15, line 40, after the word "added," to insert the words

"and to the current commercial practice followed by companies in which the public are substantially interested and which are engaged in the same class of trade or business as the company and."

Mr. RUNCIMAN: I understand that the Chancellor of the Exchequer not only does not accept this, but he regards it as rather belittling the rights of the taxpayer. If he is so advised I do not propose to differ from him, and I shall therefore not move.

Mr. DAVID REID: I beg to move, in page 15, line 43, after the word "shall," to insert the words

"in any case in which a business undertaking or property has been acquired by the company from the person or persons who have control of the company."

The object of myself and my Friends in moving this is to try to confine the operation of the first Sub-section to cases where a man sells his property to a company. Take the case of a man who wishes to retire. He forms his business into a company, gives the shares to a number of his employes and takes himself a series of debentures payable by instalments. The employes work the business, pay off the debentures and gradually become the owners. Take the case of a single-ship company. I believe it is quite a common transaction to have a company formed

who own a single ship. It is unable to put up all the money for the purchase. The builder leaves part of the money outstanding on mortgage and the mortgage is paid off by the earnings. That transaction would be impossible under the Clause. Take the further case of people who carry on a mining business. They do not pay the whole of the purchase money but only a part of it, and they raise the remainder by debentures. Those debentures they pay off out of earnings. Here again the transaction would be impossible under the Clause. Our suggestion is that the Clause should be confined to cases where a man sells his property to a company.

Mr. CHURCHILL: We cannot accept this Amendment in the form in which it is moved. It would limit the application of the provision to a case where, let us say, the firm of Smith sells, let us say, to the firm of Smith, Ltd., who would obtain control of that company. We cannot accept the Amendment, first of all, because, although the provision, thus limited, would, *prima facie*, cover most of the outrageous cases, it would not cover all the cases which ought to be dealt with. Suppose, for example, the said firm of Smith, Ltd., formerly owned by Smith's, is bought by Brown and Smith and paid for out of profit. Why should the firm of Smith escape Super-tax? No private firm acting in this way could do so, nor could any public company ever treat its original business in this way. We have indicated in regard to the Amendment that has been moved by my hon. Friend the Member for Reading that we will introduce on Report words to make it clear that the provisions of Clause 29 will only apply to payment for the business which a company was formed to acquire, or which was the first substantial business that the company did acquire. Further than that I cannot go. Having regard to the other safeguards which limit and restrict the operations of this Clause, I cannot see that we can go further.

Mr. D. REID: May I ask my right hon. Friend if the Clause as amended would apply to businesses which have already been made into companies? I know of many cases where they have been sold to third parties and been paid for by debentures. Will my right hon. Friend say whether the Clause will be limited to future transactions or whether these transactions will be included?

Sir S. ROBERTS: May I put a case to the Chancellor of the Exchequer? We will assume that a business was sold many years ago to a company, and that the purchase price was paid in debentures and shares, these debentures and shares having now got into the hands of persons entirely separate from the original vendors. So far as I read the Clause and the Amendments proposed it means that the debentures being part of the original purchase price cannot be paid off and will be a perpetual clog on this business.

Mr. BALFOUR: What happens in every day practical business life is that some enthusiastic man purchases a business, either in his own name or in the name of a company—it does not matter—and believes he can make a job of the business. He takes it over probably foolishly, and places himself under an obligation to pay a sum of money. He then secures a loan for the acquisition of the business. He continues for a series of years to devote practically the whole of his profits towards paying back that loan, and, as has frequently happened in the past before the loan is paid off, and in the ordinary movement and cycle of trade, the business falls on evil times. That man who has possibly been taking a mere pittance out of the business—£40 or £50 a month—to exist upon, has worked for years and produced a sum of money merely to pay off the loan which he himself incurred to acquire the business. It is possible that he has not completely repaid the loan, or if he has, he will find that the change of trade has left him with a business not worth the whole of the purchase price.

What happens to him under the proposal of the Chancellor of the Exchequer? He is the individual who is to be answerable for the payment of Super-tax on the whole amount of his debt to a third party, who has collected from him the fruits of the goodwill of that business and who has done nothing whatever to make the goodwill. It is the man who has worked hard in the business and who has provided the money to pay for the sum which he has been charged for the goodwill of the business who, at the end of the time, is called upon to pay Super-tax on the amount of money received by the other man for the goodwill. If any question

[Mr. Balfour.]

of payment of Super-tax arises, it should be the recipient of the proceeds of the loan who sold the business for cash on goodwill and left the other man with a business which has not proved profitable. I am not putting this forward as a case which is universal, but as a case which is very common. It is hard on working people who genuinely acquire a business and very often make nothing out of it, and I wish to protect them against having to pay the toll of Super-tax after they have done nothing more than get a fair income out of the business and provide employment.

Amendment negatived.

Mr. D. HERBERT: After the statement of the Chancellor of the Exchequer I do not propose to move my Amendment—in page 16, line 2, to leave out the words “not as,” and to insert instead thereof the words “may be regarded as not.”

Mr. GATES: I beg to move, in page 16, line 24, after the word “therefor,” to insert the words:

“not being debentures or debenture stock issued pursuant to an offer contained in a public prospectus or offered for sale, being for an amount not more than one-third of the total purchase price paid by the company for the business undertaking or property acquired by the company, or any other business undertaking or property from time to time acquired by the company.”

I do not know whether the Chancellor of the Exchequer will regard this Amendment in a favourable way. I want to qualify the definition of debentures in Sub-section (2). The proviso which I seek to put in meets the case of debentures being openly issued in a public prospectus for an amount of not more than one-third of the total purchase price paid by the company. It is a common and usual thing in a company to buy a property and to issue debentures for one-third of the purchase price, and it is common and usual to repay these debentures out of the income of the company, either by instalments or by premiums on a debenture redemption policy. This is quite in the usual order of business, and I hope the Chancellor of the Exchequer will see his way to accept the Amendment.

Mr. CHURCHILL: I have tried very hard this afternoon to explain to the

Committee a whole series of safeguards which protect again and again the taxpayer from being ill-treated by this legislation, and I am not able to add to them by accepting an Amendment of this character. I do not feel that there is any danger of hardship arising. I do not consider that we ought to look upon this legislation from the point of view of a most unreasonable exercise of it, and the Board of Inland Revenue applying it unreasonably to the most virtuous taxpayers. The old maxim applies that “hard cases do not make good laws.” I am not able to accept the Amendment which the hon. Member proposes. When I consider the necessity of expressing in simple form the taxation proposals and of shortening the Clauses which show the taxpayer what he has to pay, I cannot think that the acceptance of a number of provisions of this kind, however shrewdly they may meet some exceptional points, would be an advantage if they figured upon the Statute Book.

Amendment negatived.

Mr. CHURCHILL: I beg to move, in page 16, to leave out all the words from the word “company” in line 36 to the word “which” in line 38.

Mr. DALTON: Are we not to have some explanation of this Amendment?

Mr. CHURCHILL: This is one of the exclusive Amendments. I was asked to put as large a portion of the business community at rest as possible by the knowledge that they were not going to be affected, and we are putting 90 per cent. absolutely outside the scope of the Clause. This is one of the Amendments which excludes subsidiary companies of companies which have a holding in the company concerned.

Mr. W. GRAHAM: I will not detain the Committee at this late hour, but many of us regarded this Amendment together with the later Amendments on the Paper as representing the concessions which the Chancellor of the Exchequer is prepared to make. I can only repeat from our point of view that we should have preferred the Clause in its original form, but having gone through these Amendments I am bound to say, on the whole, they do not make too serious an inroad and, speaking for myself, and I think for others, I am not prepared to

resist them. At the same time, the circumstances are such, in our judgment, that the original Clause might very well have been maintained.

Colonel GRETTON: The right hon. Gentleman who has just spoken has correctly gauged the real value of this particular concession. It is an improvement in the Clause, but only a little improvement, and it will not satisfy the business community that the Clause is not going to damage these small companies and partnership businesses which are going to be roped in. As far as it goes the Amendment is an improvement, but I hope and trust the Committee will not think that this Amendment—which we ought not to be so ungracious as not to thank the Chancellor for—will really mitigate the fundamental and vital objections which still exist to the Clause, the greatest objections to which still remain.

Amendment agreed to.

Mr. CHURCHILL: I beg to move, in page 16, to leave out line 40, and to insert instead thereof the words:

“and which is not a subsidiary company or a company in which the public are substantially interested. For the purpose of this Sub-section—

A company shall be deemed to be a subsidiary company if, by reason of the beneficial ownership of shares therein, the control of the company is in the hands of a company not being a company to which the provisions of this Section apply, or of two or more companies none of which is a company to which those provisions apply.

A company shall be deemed to be a company in which the public are substantially interested if shares of the company—

(a) being shares of a class or classes in respect of which a public offer for subscription has been made by the company; and

(b) not being shares entitled to a fixed rate of dividend, whether with or without a further right to participate in profits;

carrying not less than twenty-five per cent. of the voting power have been allotted unconditionally to, and are at the end of the year or other period for which the accounts of the company have been made up as aforesaid beneficially held by, the public (not including a company to which the provisions of this Section apply) and any such shares have in the course of such year or other period been the subject of dealings on a stock exchange in the United Kingdom and the shares have been quoted in the official list of such a stock exchange.

The expression ‘company’ means a company within the meaning of the Companies (Consolidation) Act, 1908.”

Question, “That the words proposed to be left out stand part of the Clause,” put, and negatived.

Motion made, and question proposed, “That those words be there inserted.”

Mr. RUNCIMAN: I beg to move, as an Amendment to the proposed Amendment, in line 10, after the word “if,” to insert the words “twenty-five per cent. of the.”

The object of the Amendment is to provide that 25 per cent. of the shares is to be the gauge to be used in this connection, and it is moved with the object of dealing with cases when the ordinary shares may be under the control of a comparatively small number of people and the preference shares held by the public as a whole. It has become usual in the issue of preference shares to provide that the preference shareholder shall only have a power of voting when the dividend is in default, and it therefore means that the 25 per cent., as it stands in the proposal of the Chancellor of the Exchequer, applies only to the ordinary shares and does not apply to the preference shares which may be held outside. The object of the Amendment is to make it 25 per cent. of the shares as a whole.

Mr. CHURCHILL: I have already explained in my general review of the Amendments that this is not one on which I can meet the right hon. Gentleman. The provision of 25 per cent. of voting power to be held by the general public is very moderate, and the preference shareholders are only interested when there is an accumulation of reserves which may affect their general position. The point is not a very serious one, but I am afraid I am unable to accept the Amendment.

Mr. RUNCIMAN: I agree that the point is not a serious one, but the right hon. Gentleman has not safeguarded himself in the least by the proposal he has made. It is easy for a company to give voting power to its preference shareholders, and so defeat it.

Amendment to proposed Amendment negatived.

Mr. D. HERBERT: I beg to move, as an Amendment to the proposed Amendment, to leave out lines 11 and 12.

My right hon. Friend has agreed to accept this and the next Amendment and, therefore, I need not do more than remind the Committee that the effect is that where the public are "substantially interested" it means that they are substantially interested by having bought shares and they need not necessarily obtain them by means of public subscription.

Amendment to proposed Amendment agreed to.

Mr. HERBERT: I beg to move, as an Amendment to the proposed Amendment, in line 16, after the word "to," to insert the words "or acquired unconditionally by."

Mr. CHURCHILL: I accept this Amendment.

Amendment to proposed Amendment agreed to.

Proposed words, as amended, there inserted.

Mr. CHURCHILL: I beg to move, in page 17, line 28, at the end, to insert the words:

"(6) The following shall be substituted for paragraph (5) of the First Schedule to the Finance Act, 1922:

5. (a) Where the Special Commissioners have—

(i) issued a notice requiring any company to furnish them with particulars under paragraph (4) of this Schedule as respects any year or other period; or

(ii) given a direction under Sub-section (1) of Section twenty-one of this Act as respects any year or other period in relation to any company to which no such notice has been issued as respects that year or period;

the directors of the company, if they are of opinion that there has not been and will not be any avoidance of the payment of Super-tax through failure to distribute to the members of the company a reasonable part of its income for that year or period, may make a statutory declaration to that effect stating the facts and circumstances upon which their opinion is based;

(b) In any case where such a statutory declaration as aforesaid is sent to the Special Commissioners within twenty-eight days of the issue of such a notice or the giving of such a direction as aforesaid the Special Commissioners shall not, unless they see reason to the contrary, take any further action in the matter;

(c) I in any such case the Commissioners see reason to the contrary they shall send to the Board of Referees a certificate to that effect, together with the said statutory declaration, and shall at the same time transmit a copy of the certificate and of the statutory declaration to the Commissioners of Inland Revenue;

(d) The Commissioners of Inland Revenue may at any time within twenty-eight days after receiving the copy of the certificate and the copy of the statutory declaration submit to the Board of Referees a counter-statement with reference to the matter;

(e) The Board of Referees shall in any case take into consideration the declaration, and the certificate, and the counter statement, if any, and shall determine whether there is or is not a *prima facie* case for proceeding in the matter;

(f) The determination of the Board of Referees under this paragraph shall be final and conclusive, and, where the Board of Referees determines that there is a *prima facie* case for proceeding, the notice or direction aforesaid shall have effect as if it had been issued or given on the date on which notice of the determination of the Board is given to the company."

Mr. RUNCIMAN: I beg to move, as an Amendment to the proposed Amendment, in line 11, to leave out the word "any" and to insert instead thereof the words "with a view to the."

The proposal of the Chancellor of the Exchequer provides that the directors of a company may make a statutory declaration, on certain clear set of facts and circumstances, that there has not been or will not be any avoidance of the payment of Super-tax. If they are to make a declaration to that effect it means that they will be debarred in that declaration from stating that they have not withheld from the return of their profits amounts which may have been spent on all sorts of legitimate objects. For instance, it might have been possible for them to have added to their stock, and so on. It surely

11.0 p.m. cannot be with the object of drawing from the directors a declaration that there had not been avoidance of payment of tax; it surely must have been, as declared, "with a view to" avoidance. The Chancellor of the Exchequer, I think, was confusing motive with intention, and when the Attorney-General spoke on this subject in general he was inclined to argue with the Committee that it was impossible for the Government to embark on anything

in the way of an interpolation of motive into this Clause. Of course, the Attorney-General knows that "intention" occurs again and again in Acts of Parliament of all kinds. We are constantly coming into contact with it in commercial legislation, and there is no reason why it should be regarded as unfitting for this Amendment of this Bill. My right hon. and learned Friend the Member for the Exchange Division of Liverpool (Sir L. Scott) is supporting this Amendment, and I am sure it is well within his recollection that there are scores of Statutes where intention is declared or the declaration of intention is an essential part of the operative portions of the Statute. In these circumstances, I beg to move the Amendment, so that the declaration made by the directors would be a declaration that they had not, with a view to the avoidance of payment of Super-tax, failed to distribute to the members of the company a reasonable part of its income for that year or period.

The ATTORNEY-GENERAL: My right hon Friend has already explained to the Committee that this is not an Amendment which it is possible for the Government to accept. The right hon. Gentleman in moving it said that it was a small Amendment in volume and that it was quite an easy thing to define "intention." But I would remind the Committee where it is that the words of the Amendment are to be inserted, and what the effect would be. We are assuming a case where the Special Commissioners have thought that there is something to look into. They have communicated with the directors of the company, giving them that information. The directors then are to have an opportunity of making a statutory declaration. The statutory declaration, with the Commissioners' statement, then has to go to the Board of Referees, whose decision as to whether the matter shall go on or not is final and conclusive. It is obvious, therefore, that there is no opportunity given to the Special Commissioners either to cross-examine the directors upon any affidavit, or to make any investigation of the books of the company to check any statement which appears in the affidavit. If the directors are prepared to state that there has been no avoidance of Super-tax there may be

facts, and probably will be facts, which the Commissioners can put forward to show the Board of Referees that *prima facie* there has been avoidance of Super-tax. But if the question which is to be submitted to the Board of Referees is not whether there has been avoidance of Super-tax, but whether the particular thing was done with a view to avoidance, then you have the uncontradicted affidavit of the directors, and no opportunity of checking it, no opportunity for cross-examination, or testing in any way at all; and the result would be that the Board of Referees would be bound in almost every case to accept the statement of the directors, which could not be challenged, that they were not acting with a view to avoidance, and the whole machinery would be rendered nugatory. I would remind the Committee once more of what has been quoted more than once, both from judicial and from Parliamentary statements, that human motives are obscure, difficult of ascertainment, sometimes conjectural, and their ascertainment cannot be allowed to enter into the matter of the calculation of the revenue. The same view was expressed by my right hon. Friend the Member for Hillhead (Sir R. Horne) in the Debate on the corresponding Clause in the Act of 1922, and for these reasons, namely, that the result of the acceptance of this Amendment would really be to destroy the whole effect of the Clause and enable directors of a company who were prepared to swear that they did not act with a view of avoiding Super-tax, in effect, to stop any further proceedings, that it is impossible for the Government to accept this Amendment.

Sir L. SCOTT: I really do not quite understand the answer of the Attorney-General. Earlier in the evening the Chancellor of the Exchequer or the Attorney-General—I think it was the Attorney-General himself—said that the whole object of this Clause was to provide that a man using the machinery of the Companies Acts in order to avoid payment of Super-tax should be hit. That is the very object of this Amendment. It is to bring to the test of that question this particular problem that we propose this Amendment. It is in order that we may differentiate between those companies in which what is done is with

[Sir L. Scott.]

the intention to avoid payment of Super-tax and not for a *bona fide* business purpose that we introduced these words. I believe the Committee wants to arrive at some test by which they can distinguish between acts of one kind and acts of another. We are all agreed that improper evasion of tax, which merely means that the man who does not pay his fair share of tax is putting it on to his fellows, should be prevented, but we do not want to interfere with *bona fide* business.

The Attorney-General has put before the Committee an argument in relation to the question of intention which I find it very difficult to follow. As I understand him he confused two totally different questions—the question of human motive with the question of the intention with which any act is done. I agree with him that to search into human motives is very difficult to bring to the arbitrament of any medical tribunal, but the question of the intention with which an act is done is habitually brought to the arbitrament of legal tribunals. It is brought before every tribunal which tries any criminal offence; every jury in this country deals with that issue and has no difficulty in dealing with it, for the simple reason that you judge a man's intentions by the whole surrounding circumstances and assume that he intends the natural consequence of his acts. It is also habitually brought before a legal tribunal in every single case of bankruptcy where it is alleged that any particular debtor has fraudulently preferred one creditor to another. The definition accorded to "preference" in bankruptcy is that a payment is made with the intention of preferring one creditor to another. In my view, that is extraordinarily similar in character to the question of a taxpayer taking certain steps in order to prefer himself, from the point of view of taxation, to the other taxpayers. All that this Amendment provides is that, if the directors make a declaration within the terms of this Clause, that the allocation of any part of the annual profits to reserve is not done with the view or intention—I do not care which word you take—of avoiding payment of Super-tax, that shall constitute a *prima facie* case, and nothing more than a *prima facie* case, that it is an honest business transaction. I cannot understand why, if the

Government, and I am perfectly convinced is their desire, do not want to interfere with the conduct of ordinary business by a business man according to the requirements of business interest, they should not allow the directors of a company who, even in matters of taxation, are to be presumed to be innocent until they are proved to be guilty, to say on their conscience that what they have done was not with a view to avoiding payment of Super-tax. I cannot see any reason why that should not be done, and, as a lawyer, I see no difficulty. But if, in business, there is no reason, if, from the point of view of the general system of taxation, we do not want to tax companies or individuals, directly or indirectly, in these circumstances; and, if there is no legal objection to doing it, why should this Amendment not be accepted?

Mr. BALFOUR: Are we to have no explanation as to why the right hon. and learned Gentleman the Attorney-General should resist an Amendment of this kind? Let us see what the innocent director is supposed to do. He is supposed to certify that there has not been and will not be any avoidance of Super-tax. He is supposed, where there is no point in question, to have his attention directed by the Special Commissioners to his accounts, and he is asked to certify that there has not been and will not be any avoidance of Super-tax. The Special Commissioners only imagine that there has been or will be an avoidance of Super-tax; they get a statement of the accounts, and send it on, and representations are made to the Referees. Even the Referees do not know, and the Special Commissioners do not know, but the director is supposed to certify that there has not been and will not be, any avoidance. He is not in a position to certify, even when he is appearing before the Referees. He believes that he has made up his accounts honestly, and he has not in mind any question of avoidance of Super-tax. How is he to know whether he is or is not avoiding Super-tax? If he sends in a certificate, and it is presented, and if a *prima facie* case is made out against him on a small question in which there is a difference of opinion, he is looked upon as a dishonest man in a matter that the Special Commissioners did not know anything about and the

Referees did not know anything about. Is that not a presumption on the part of the Executive? Have we arrived at a stage when the people of this country have to plead in the House of Commons for their ordinary liberty?

Have we arrived at the stage where we have to plead with Ministers, not to protect the Executive against the people, but to protect the people against the Executive? Can the right hon. and learned Gentleman give a plain and simple answer to the question of how a director can certify that there will or will not be liability for Super-tax? There is nothing in the Schedule which gives a clear indication that in a business of type A you can do so-and-so, in a business of type B you can do so-and-so, or in a business of type C you can do so-and-so. The director is supposed to be primarily dishonest. He is supposed to be, in the first instance, a person who would wish to evade his lawful dues. The right hon. and learned Gentleman will have to go a long way to clear up points like this before he will satisfy many of us, if not the majority, on these benches that he is acting in the protection of the proper rights and liberties of the people in this Bill.

Captain O'CONNOR: I support the Amendment to the proposed Amendment. It seems to me the words which are proposed to be substituted state concisely the offence, with which the Clause is seeking to deal. If that be so, why cannot we have them instead of the equivocal form which appears in the proposed Amendment? Surely the offence is failure to distribute "with a view to the avoidance of the payment of Super-tax." There would appear to be no good reason why that should not be the only offence which people should be called on to swear they have not committed. Instead of that they are being called on to swear they have not committed something which is not pretended to be an offence under the Bill at all. It appears to me the Amendment to the Amendment would clarify the Clause. There is the further reason that, notwithstanding the fact that this affidavit has been sworn, the powers of the Commissioners are by no means terminated. Under paragraph (c) of the proposed Amendment, if the Commissioners "see reason to the contrary"—

if they think the affidavit is not a good one—they can bring the matter before the Commissioners of Inland Revenue. On the ground of clarity and on the ground that they are left with ample means of redress, I support the Amendment to the Amendment.

Sir S. ROBERTS: I cannot help feeling that without the Amendment to the proposed Amendment the Clause as put down will be absolutely nugatory. I do not see how any directors can sign an affidavit that there has been no avoidance of Super-tax unless they have divided the profits up to the very hilt. If sixpence is put to the reserve and there is one shareholder who is a Super-tax payer, there has been avoidance of Super-tax to the extent of a fraction of sixpence. It seems to me no director can swear such an affidavit as is proposed, and that these words are a fraud and a delusion.

Mr. E. BROWN: I would point out to the Attorney-General that the suggested phrase is the phrase of the Act of 1922. Clause 21 of that Act begins

"With a view to preventing the avoidance of the payment of Super-tax through the withholding from distribution, etc."

If there was no difficulty in interpreting those words in 1922, I fail to follow the argument that there will be difficulty in doing so now.

Mr. MACQUISTEN: The drafting of the Government Amendment is rather peculiar. The directors of the company "if they are of opinion that there has not been and will not be any avoidance of the payment of Super-tax through failure to distribute . . . may make a statutory declaration to that effect."

That seems to read that the directors may make a statutory declaration that they are of opinion that there has not been and will not be any avoidance of Super-tax. That is how the law seems to me to read, and that seems to be a very odd way of expressing the matter.

Mr. PETHICK-LAWRENCE: The hon. Member for Hereford (Sir S. Roberts) failed to read the word "reasonable" in line 12 of the Chancellor's Amendment. If he takes that word into account, I think he will find that his argument falls to the ground. Provided that a director is satisfied that a reasonable part of a company's income has been distributed,

[Mr. Pethick-Lawrence.]

he can honestly make the declaration in question. I hope very much that the Attorney-General and the Government will stand firm by their Amendment. It seems to me that the directors have quite enough option by being entitled to

express it as their opinion that there is no avoidance of Super-tax.

Question put, "That the word 'any' stand part of the proposed Amendment."

The Committee divided: Ayes, 209; Noes, 55.

Division No. 236.]

AYES.

[11.23 p.m.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Atkinson, C.
 Baker, Walter
 Banks, Reginald Mitchell
 Beamish, Rear-Admiral T. P. H.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Bird, E. R. (Yorks, W. R., Skipton)
 Bird, Sir R. B. (Wolverhampton, W.)
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowerman, Rt. Hon. Charles W.
 Bowyer, Captain G. E. W.
 Briscoe, Richard George
 Brooke, Brigadier-General C. R. I.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buchan, John
 Burman, J. B.
 Campbell, E. T.
 Carver, Major W. H.
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hon. N. (Ladywood)
 Charteris, Brigadier-General J.
 Churchill, Rt. Hon. Winston Spencer
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cooper, A. Duff
 Courtauld, Major J. S.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Sir Ernest (Chester, Crewe)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Curzon, Captain Viscount
 Dalton, Hugh
 Davidson, J. (Hert'd, Hemel Hempst'd)
 Davies, Rhys John (Westhoughton)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dennison, R.
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Duncan, C.
 Eden, Captain Anthony
 Edwards, C. (Monmouth, Bedwellty)
 Elliott, Major Walter E.
 Fairfax, Captain J. G.
 Fanshawe, Captain G. D.
 Feilden, E. B.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gibbs, Col. Rt. Hon. George Abraham
 Gillett, George M.
 Glyn, Major R. G. C.
 Goff, Sir Park
 Graham, Rt. Hon. Wm. (Edin., Cent.)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Grenfell, Edward C. (City of London)
 Grottrian, H. Brent

Grundy, T. W.
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hall, Capt. W. D'A. (Brecon & Rad.)
 Hammersley, S. S.
 Hanbury, C.
 Hardie, George D.
 Harland, A.
 Harrison, G. J. C.
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, T. (Glasgow)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hirst, G. H.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hopkins, J. W. W.
 Hudson, J. H. (Huddersfield)
 Hudson, R. S. (Cumberland, Whiteh'n)
 Hume, Sir G. H.
 Iliffe, Sir Edward M.
 Inskip, Sir Thomas Walker H.
 Jacob, A. E.
 Jenkins, W. (Glamorgan, Neath)
 Jephcott, A. R.
 John, William (Rhondda, West)
 Jones, G. W. H. (Stoke Newington)
 Jones, Morgan (Caerphilly)
 Jones, T. I. Mardy (Pontypridd)
 Kelly, W. T.
 Kennedy, A. R. (Preston)
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Lawrence, Susan
 Lawson, John James
 Lindley, F. W.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Loder, J. de V.
 Long, Major Eric
 Looker, Herbert William
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 MacIntyre, Ian
 MacLaren, Andrew
 McLean, Major A.
 Maclean, Neil (Glasgow, Govan)
 McNeill, Rt. Hon. Ronald John
 March, S.
 Margesson, Captain D.
 Merriman, F. B.
 Mitchell, S. (Lanark, Lanark)
 Monseil, Eyres, Com. Rt. Hon. B. M.
 Mosley, Oswald
 Murchison, Sir Kenneth
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, O. (Westminster)
 Nuttall, Ellis

Oakley, T.
 Ormsby-Gore, Rt. Hon. William
 Paling, W.
 Parkinson, John Allen (Wigan)
 Penny, Frederick George
 Perkins, Colonel E. K.
 Pethick-Lawrence, F. W.
 Peto, Sir Basil E. (Devon, Barnstaple)
 Peto, G. (Somerset, Frome)
 Potts, John S.
 Pownall, Sir Assheton
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Rentoul, G. S.
 Richardson, R. (Houghton-le-Spring)
 Roberts, E. H. G. (Fllnt)
 Rose, Frank H.
 Salmon, Major I.
 Salter, Dr. Alfred
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Shaw, R. G. (Yorks, W. R., Sowerby)
 Shepperson, E. W.
 Short, Alfred (Wednesbury)
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fyde)
 Stanley, Hon. O. F. G. (Westm'land)
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Styles, Captain H. W.
 Sutton, J. E.
 Taylor, R. A.
 Tinker, John Joseph
 Titchfield, Major the Marquess of
 Townend, A. E.
 Trvon, Rt. Hon. George Clement
 Varley, Frank B.
 Vaughan-Morgan, Col. K. P.
 Waddington, R.
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watson, W. M. (Dunfermline)
 Watts, Dr. T.
 Wellock, Wilfred
 Wells, S. R.
 Westwood, J.
 Williams, Com. C. (Devon, Torquay)
 Williams, T. (York, Don Valley)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wood, E. (Ches't'r, Stalyb'ge & Hyde)

TELLERS FOR THE AYES.—
 Major Cope and Mr. F. C. Thomson.

NOES.

Balfour, George (Hampstead)
 Batey, Joseph
 Brown, Ernest (Leith)
 Buckingham, Sir H.
 Caine, Gordon Hall
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Couper, J. B.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Crooke, J. Smedley (Deritend)
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Dunnico, H.
 England, Colonel A.
 Evans, Capt. Ernest (Welsh Univer.)
 Frece, Sir Walter de
 Gates, Percy
 Grattan-Doyle, Sir N.
 Gretton, Colonel Rt. Hon. John
 Hamilton, Sir R. (Orkney & Shetla. #)

Hannon, Patrick Joseph Henry
 Hartington, Marquess of
 Horne, Rt. Hon. Sir Robert S.
 Hutchison, Sir Robert (Montrose)
 James, Lieut.-Colonel Hon. Cuthbert
 Jones, Henry Haydn (Merioneth)
 Lloyd, Cyril E. (Dudley)
 Lougher, Lewis
 Macdonald, Sir Murdoch (Inverness)
 Macmillan, Captain H.
 Macquisten, F. A.
 Marriott, Sir J. A. R.
 Meyer, Sir Frank
 Moore, Sir Newton J.
 Nall, Colonel Sir Joseph
 O'Connor, T. J. (Bedford, Luton)
 Pennefather, Sir John
 Power, Sir John Cecil
 Rees, Sir Beddoe

Remer, J. R.
 Rice, Sir Frederick
 Riley, Ben
 Roberts, Sir Samuel (Hereford)
 Robinson, Sir T. (Lancs., Stretford)
 Sandeman, N. Stewart
 Shaw, Lt.-Col. A. D. Mcl. (Renfrew, W.)
 Strauss, E. A.
 Sugden, Sir Wilfrid
 Thomas, Sir Robert John (Anglesey)
 Tinne, J. A.
 Wiggins, William Martin
 Williams, C. P. (Denbigh, Wrexham)
 Williams, Herbert G. (Reading)
 Windsor, Walter
 Wragg, Herbert
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Mr. Runciman and Sir Leslie Scott.

The DEPUTY - CHAIRMAN: The Amendment standing in the name of the right hon. Gentleman the Member for West Swansea (Mr. Runciman)—in the proposed Amendment, in line 37, at the end, to insert the words,

“(g) On the hearing of any case one member of the Board of Referees present at the hearing shall be a person representative of the industry in which the company is engaged, and another member shall be an accountant acquainted with the industry”—

is very much the same as the later Amendment, in the name of the same right hon. Gentleman—in page 17, line 28, at the end, to insert the words,

“The following shall be added at the end of paragraph 2 of the First Schedule to the Finance Act, 1922:

‘On the hearing of any case one member of the Board of Referees present at the hearing shall be a person representative of the industry in which the company is engaged, and another member shall be an accountant acquainted with the industry’”—

I will allow the right hon. Gentleman to choose which of them he proposes to move.

Mr. RUNCIMAN: I do not propose to move either, as the Chancellor of the Exchequer has said he will meet us on those points.

Question, “That the proposed words be there inserted,” put, and agreed to.

* * * * *

[For continuation of Proceedings, see Official Report, Tuesday, 5th July.]

HOUSE OF COMMONS.

Monday, 4th July, 1927.

[OFFICIAL REPORT.]

FINANCE BILL.

Further considered in Committee.
[*Progress, 30th June.*]

[Captain FITZROY in the Chair.]

Postponed Clause 29.—[*Amendment of 12 & 13 Geo. 5. c. 17, Section 21.*]

[Continuation of Official Report, from Col. 1038, Monday 4th July, 1927.]

Sir J. MARRIOTT: I beg to move, in page 17, line 28, at the end, to insert the words:

“(6) The provisions of this Section shall not apply to any company engaged in commerce, trade, or industry.”

This Amendment raises, I think, in the simplest and most direct terms, the whole question that we have been discussing during these many hours past. If I understand rightly the protestations which have come from the front Government bench, the Government will be prepared to accept this Amendment, because they have told us all through the discussions of to-day that they are not in any way at all aiming at legitimate commercial or trading concerns, but that their sole anxiety is to catch the evader of legitimate taxation. I can assure my right hon. Friends on the Front Bench that all those for whom in this Amendment I am presuming to speak are entirely with the Government in that intention. We all desire that no one should be permitted to get through the loopholes which have been exposed by the Chancellor of the Exchequer. But, at the same time, all of those for whom in this Amendment I speak are supremely anxious that, neither by this nor by any other Clause of the Bill, should anything be done which will in any way harass or hamper legitimate commerce and trade. That being so, I hope that the Chancellor of the Exchequer will find no difficulty in accepting this Amendment. I confess that at many points of this Bill, and more particularly in this Clause, I

seem to detect a greater anxiety on the part of those who are responsible for the collection of revenue to get revenue than to protect and encourage and nourish the sources of revenue. After all, it is more important to encourage the sources of revenue than to collect a non-existent revenue from sources that do not exist. [HON MEMBERS: “Hear, hear!”] I am very glad at this late hour of the evening one sentiment should be enunciated that is received with universal assent. I hope the Government will not dissent from this unanimous expression of opinion.

Mr. STEWART SANDEMAN: I hope the Chancellor of the Exchequer can accept this Amendment. If he does not, I hope it will not be withdrawn. I dislike the whole Clause, but this might go a long way to alleviate the trouble I see in store. My feeling about the whole thing is that it is going to affect industry and employment at a time when we have no real need for any further interference. If we can get trade and industry going it does not matter so much about the stockbrokers and moneymakers. I am not so worried about them. I am worried about the effect this is going to have all over the country. Everyone will be affected. There is suspicion in the atmosphere and people do not know where they are. Trade and industry should have a free passage to go on with their daily work and try to get our people employed. This is an important Amendment towards that object. I am against the whole Clause and shall vote against it, but I hope we shall get this.

Mr. CHURCHILL: I keenly regret that I cannot possibly accept the proposal. It is a source of great regret to the Government that the numerous concessions that have been made to those who have studied the matter very deeply have not persuaded them to accept our view. This proposal asks that the provisions of the Clause shall not apply to any company engaged in commerce, trade or industry. Why should a company which otherwise would fall within the scope of this Clause be immune, no matter how gross the evasion from taxation because it is engaged in commerce, trade or industry? We have excluded, by the concessions which have been made, 90 per cent. of the whole business of the country and 85 per cent. of the company business of the country. We cannot possibly take

[Mr. Churchill.]

further steps. There comes a moment when people must act in accordance with what they think is their duty, and, while I deeply regret that some of my hon. Friends should not be placated by the tireless efforts we have made in the last two or three weeks to adjust the difficulties of the situation, nevertheless the facts being as they are, I can certainly not accept an Amendment which I can only stigmatise as a wrecking Amendment and which would have the effect of rendering useless and vain all the work we have done during this long and difficult day. I must ask the Committee to support the Government in the attitude they have definitely and finally taken up.

Sir JOSEPH NALL: It may well be that the particular words of the Amendment are not such as would be the most effective, but the Debate on this Clause, no less than the Clause itself, has really gone a very long way from the original intentions of the Government. After all, there is, as I understand it, complete unanimity on all sides of the Committee that the evasion of Super-tax by the individual should be dealt with. That, as I understand it, is the object for which the Government set out. There is all the difference in the world between preventing the evasion of Super-tax by the individual and, as would now appear to be the policy, a desire to impose Super-tax upon all company profits. It certainly is the case, as the Chancellor of the Exchequer has indicated, that certain Amendments and concessions he proposes to make will not make that effort quite so sweeping as would have been the case in the Clause as originally printed, but it is a very grave matter if we in this Committee are to proceed to levy Super-tax upon all company profits. It is obvious, particularly from the speech of the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) this afternoon, that he certainly, personally, would support any such move.

Mr. CHURCHILL: May I ask my hon. and gallant Friend whoever suggested such a thing?

Sir J. NALL: I say that the Debate upon these Amendments is pointing in that direction. It is now considered that we should endeavour to levy Super-tax upon companies' profits. The prevention

of the evasion of personal Super-tax is an entirely different matter, and I think it must be clear to the right hon. Gentleman the Chancellor of the Exchequer and to those who advise him, by now that this Clause as originally drafted was designed to enable Super-tax to be charged upon a great number of companies. From that position the Government have gradually receded under pressure from this side of the Committee.

Mr. CHURCHILL: That is absolutely untrue.

Sir J. NALL: My right hon. Friend may say that it is untrue, but the records of the Debates to-day are there to be seen, and the Clause as printed is there to be seen. I repeat that, as originally deposited in the Bill before the House of Commons, the primary intention of the Clause appears to be to levy Super-tax upon company profits and not, as is desired in all sections of the Committee, to prevent the evasion of personal Super-tax by individuals. It is obvious that that Clause, designed for the first and unintended purpose, cannot possibly be suited for the other and more urgent purpose. That is why, apparently, it would be futile to continue to debate Amendment after Amendment to a Clause which was designed to effect a purpose which the Committee never intended. I am perfectly certain in my own mind that my right hon. Friend will be well advised, even at this stage, to realise that this Clause as drafted and proposed to be amended is not the best means of effecting the purpose he has in mind and which the whole Committee are quite willing to support him in carrying into effect. In short, it ought to be withdrawn, thoroughly revised and then re-introduced for the single purpose of preventing the evasion of personal Super-tax by those methods which, it is now clear, have become customary in certain quarters, and which, I am perfectly certain, no section of this Committee or no section of public opinion would for one moment tolerate or seek to support.

Mr. BENNETT: I hope my right hon. Friend, the Chancellor of the Exchequer, will not agree to this Amendment. We have heard a great deal of opposition from this side of the Committee. I was one of those who objected most strongly to the Clause that we are discussing in

its original form. I want to say quite frankly, the Chancellor of the Exchequer has met the reasonable objections of those who feel like I do. I say quite honestly that I think, by the Amendments that have been moved or accepted, he has removed at least 99 per cent. of the apprehension I feel with regard to this Clause. Several hon. Members have stated that they had no personal interest in this Clause. I am the first Member to state that I have a direct personal interest in the Clause. I happen to be in control of one of these one-man companies. It is a perfectly legitimate company. It has always paid its Income Tax and whatever Super-tax there was. We have never been conscious that the 1922 Act existed in this respect, and I am equally convinced that we shall not be conscious that the present Finance Bill has been passed. But if the Government accept this Amendment, this company that I control can, if it choose, ride rough-shod through what we are trying to do by this Clause. That is a practical instance, which is far better than talking of theory. I sincerely hope that the Chancellor of the Exchequer will refuse to accept the Amendment.

Sir L. SCOTT: My name appears on the Paper in support of this Amendment. I put it down at a stage when I thought it was important that this aspect of the Clause as a whole should be discussed by the Committee. In my view all the points that I wanted to raise by the Amendment have been discussed in the initial general Debate of the Committee to-day, and so far as I am concerned I do not now propose to vote in favour of the Amendment.

Mr. RADFORD: I apologise for intervening, but I wish to give one example of what would be the effect if this Amendment were accepted. I have no doubt that my hon. Friend who moved it did so on the assumption that the money retained in a business engaged in commerce, trade or industry is used for the development of that trade or industry. Only a few weeks ago I saw the balance sheet of a large private company in this country whose share capital is £200,000. Their business assets amount to practically the same total, and they have £2,000,000 of undistributed profits, which are represented by £2,000,000 of gilt-

edged investments on the other side of the balance sheet. That company makes, on the average, £400,000 a year, and distributes only a comparatively small amount in dividends. If this Amendment were accepted, the shareholders of that company, who are evading Super-tax just as much as any individual in the country, would be able to go on with their nefarious work unchecked.

Amendment negatived.

Mr. D. HERBERT: I beg to move, in page 17, line 28, at the end, to insert the words:

“() For the purposes of the said Section twenty-one of The Finance Act, 1922, any part of a company's actual income from all sources for the year or other period in the said Section referred to which has been distributed among or paid to or for the benefit of any employes or former employes or widows or dependents of any employes or former employes of the company shall be deemed to have been distributed among the members of the company.”

My right hon. Friend has been good enough to say that if I satisfy him that some Amendment of this kind is necessary he will be prepared to meet me on the Report stage of the Bill. As the learned Attorney-General is present I would like formally to move the Amendment so that I can put to him a point which I want him specially to consider. I have in mind the specific instance of a company which, under its articles of association, using the very wording of this Clause, out of the profits available for distribution among the members of the company, the directors may apply any amount, not exceeding 30 per cent. thereof, among employes or members of the staff of the company, or any of them, or their dependants, in such shares and in such manner as the directors in their discretion may think fit. Are profits which are distributed in that way by way of bonus among employes who have no right whatever thereto, which are given purely as a gratuity in respect of past services without any legal claim to them, to be treated as wages? Perhaps I may add that in a particular case I have in mind a very well-known firm of chartered accountants in the City has given an express and definite opinion to the effect that money distributed in that way cannot be treated as being remuneration for employment. If that be the case, it is perfectly certain that the Government would not wish that that money, dis-

[Mr. D. Herbert.]
tributed among employes instead of among the shareholders, should be treated as money improperly withheld from distribution, and I hope that the matter will be very carefully considered before the Report stage.

The ATTORNEY-GENERAL: My hon. Friend appealed particularly to me in regard to the legal case which he put, and, of course, he would not desire that I should at once answer positively things which he asks me to consider carefully, but I think I can tell him that, at any rate at first impression, apart from the fact that he brings it forward, I should have had really very little doubt on the particular case he puts. The first thing I should have asked myself is whether this is remuneration in the hands of the employes who receive it, and I have no manner of doubt that you could successfully tax those employes, either under Schedule E or Schedule D as the case may be, on the bonus they receive as part of their remuneration. I think it almost necessarily follows that the money paid, which is remuneration in the hands of the person who receives it, is equally payment for services out of the pockets of those who pay it, and I should not be in any doubt that in the case the hon. Member puts allowance would be made as a matter of course of the appropriate Income Tax deduction. As the hon. Member knows, what are called profits of distribution are a very different thing from Income Tax profits, but, as the point has been raised, I certainly will look into it and make sure that the view which is my *prima facie* view is correct, and, if there be any doubt about it, of course, the matter will be dealt with.

Mr. HERBERT: I am quite satisfied with the statement of the right hon. Gentleman, and I beg to ask leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

The following Amendment stood on the Order Paper in the name of Sir BASIL PETO.

In page 17, line 28, at the end to insert the words:

"(6) The provisions of this Section and of Section twenty-one of the Finance Act of 1922 shall not apply to any sums paid to reserve for the extension, development, or

maintenance of the business of any company engaged in commerce, trade, or industry."

Sir B. PETO: May I not move my Amendment?

The DEPUTY - CHAIRMAN: The Amendment to which the hon. Member refers is covered by the Amendment which stood in the name of the hon. Member for York (Sir J. Marriott).

Sir B. PETO: With all respect, may I point out that my Amendment is entirely different. I had on the Paper for nearly a week an Amendment exactly in the terms of the Amendment in the name of the hon. Member for York and withdrew it because I considered it was too wide and redrafted it in the form on the Paper.

Motion made, and Question, "That the Clause, as amended, stand part of the Bill," put, and agreed to.

POSTPONED CLAUSE 30. — (*Application of 12 and 13 Geo. 5, c. 17, s. 21 to inter-connected companies.*)

The following Amendment stood on the Order Paper in the name of Mr. H. WILLIAMS:

"In page 18, line 17, at the end to leave out the words 'that date' and to insert instead thereof the words 'such date as the Special Commissioners shall consider just having regard to the dates on which distributions have been or might reasonably be made.'"

Mr. H. WILLIAMS: In view of the statement made by the Chancellor of the Exchequer earlier in the Debate and his promise to deal with this matter, I do not propose to move this Amendment.

Motion made, and Question, "That the Clause stand part of the bill," put, and agreed to.

CLAUSE 31.—(*Provisions for preventing avoidance of Super-tax by sales cum-dividend, etc.*)

Sir H. BUCKINGHAM: I beg to move, in page 19, to leave out from the beginning of line 14, to the word "requiring" in line 15, and to insert instead thereof the words

"With a view to preventing the avoidance of the payment of super-tax, and where the Special Commissioners have reasonable grounds for believing that any individual has systematically engaged in transactions as defined in this Section with a view to such avoidance, the Special Commissioners may serve upon him a notice."

May I ask whether it is intended to have a general discussion on this Amendment?

The DEPUTY-CHAIRMAN: I think it would be better if we took each Amendment separately as it comes.

Sir H. BUCKINGHAM: This Clause is similar to Clause 29 in some respects. It prevents evasion and it has also caused a good deal of unrest in the public mind. Under the Clause as it stands very extensive powers are given to the Special Commissioners to call upon any individual at any time and at any period to render an account of his transactions, and if it is found that he has exceeded by 5 per cent. the amount of Super-tax he should have paid he is likely to be assessed on the difference. It will be admitted that these are sweeping powers, and the whole object of the Amendment is to reduce them somewhat, and that the object of the Clause should be stated at the very beginning. My Amendment proposes that the Clause should start:

"With a view to preventing the avoidance of the payment of super-tax, and where the Special Commissioners have reasonable grounds for believing that any individual has systematically engaged in transactions as defined in this Section with a view to such avoidance, the Special Commissioners may serve upon him a notice."

If the Chancellor of the Exchequer accepts the Amendment it will limit the number of people who will be subject to this inquisitorial process and it will be an advantage if the reason for this inquisitorial process is defined at the beginning.

The ATTORNEY-GENERAL: The Government is unable to accept this Amendment, but I think I can do something to relieve the apprehensions of the hon. Member. He is anxious that anyone who is called upon to give the required particulars and by any chance it is found that the result of his transactions has been to exceed the 5 per cent. he would become liable to pay Super-tax under the provisions of this Clause. Without transgressing your ruling that we are not to have a general discussion I can relieve the hon. Member's anxiety to some extent.

The Committee will see that, first of all we are proposing that the percentage

of Super-tax avoided to attract liability under the Clause instead of 12.0 m. being 5 per cent. shall be 10 per cent. We are introducing a provision that there must have been a systematic avoidance. Where it is merely an isolated case, that shall be a ground for exemption from liability. We are proposing also to introduce words not exactly in the terms of the two following Amendments—in page 19, line 16, after the word "any" to insert the words "income bearing"; and in page 19, line 16, to leave out the word "assets," and to insert instead thereof the words "fixed income bearing assets (not being shares or stocks dependent on the yearly earnings of companies)"—but words which I think will cover those Amendments. We are proposing on Report to limit the class of transaction in fixed income-bearing securities to transactions in shares not carried out through the Stock Exchange or paying the ordinary transfer duty. We keep out of the Clause the ordinary dealings in shares on the Stock Exchange. I hope the Committee will realise that that is a substantial concession.

Mr. SMITHERS: Is that the Amendment in page 19, line 16, to leave out the word "assets," and to insert instead thereof the words "fixed income-bearing assets (not being shares or stocks dependent on the yearly earnings of companies)"?

The ATTORNEY-GENERAL: We cannot accept that Amendment, nor the preceding Amendment—in page 19, line 16, after the word "any," to insert the words "income bearing," as they stand, because they are limited entirely to fixed income-bearing assets. We want to get at such transactions as are done outside the Stock Exchange with the object of dodging the tax. We propose to accept the Amendment, in page 19, line 37, to leave out the word "options." We cannot accept, in the words in which it stands on the Paper, the Amendment, in page 20, line 28, at the end, to insert the words:

"(7) Where any individual proves that his income for any year has been increased by reason of his having acquired beneficially any asset which at the time of its acquisition by him included the right to any income in respect of any period prior to the date of such acquisition any income from such asset shall, whether the same accrued

[The Attorney-General.] from day to day or not, be deemed to have been apportionable from day to day, and only the proportion of such income which shall be attributable to the period subsequent to the date of such acquisition shall be included in the total income of such individual for such year."

We are, however, prepared to bring forward an Amendment on Report to deal with the case where a man regularly and substantially should have enhanced his Super-tax liability by bringing fixed income-bearing securities cum dividend. I think the Committee will see that by these Amendments we have gone a long way to meet the position.

Mr. S. SAMUEL: With respect to the Amendment to which the Attorney-General referred, the new Sub-section (7), the object is that if a man sells securities, say, war stock, with—

Mr. GILLET: On a point of Order. Are we not on the first Amendment?

The CHAIRMAN (Mr. James Hope): The Attorney-General has made a statement really on the whole Clause, following the practice which has been pursued. I am not quite sure whether the hon. Member for Putney (Mr. S. Samuel) is referring to the Amendment 181 on the Order Paper—new Sub-section (7). That should come as a new Clause.

The ATTORNEY-GENERAL: I apologise if I have transgressed; but I thought it would be for the convenience of the Committee to know what course the Government intended to adopt in regard to the Clause, generally. With regard to the actual Amendment, one of the reasons why we cannot accept it is because at the stage when the Commissioners ask for the particulars they could not be in a position to prove, with any legal evidence, that there has been systematic engaging in transactions such as are defined in the Clause, and if the person who was asked to make a return merely defies the Commissioners then there is to be a trial as to whether the Commissioners' grounds were reasonable, and it will put the Commissioners in a position of complete difficulty when *ex hypothesi* they have not got the information. On the other hand, there certainly is no intention of demanding wholesale particulars. At present the Commissioners have the widest powers of demanding detailed particulars from everybody who is liable to Super-tax.

The CHAIRMAN: Is the right hon. and learned Member commenting on the Amendment which will come on as a new Clause?

The ATTORNEY-GENERAL: No. I was dealing with the Amendment which is under discussion. The Amendment now before the Committee limits the power to cases where the special Commissioners have reasonable grounds for believing that an individual has systematically engaged in transactions as defined in this Clause, with a view to avoidance of the tax. I was pointing out to the Committee that that is an Amendment which we cannot accept, because it would mean that anybody who was served with a notice could, if he chose, say: "I do not believe there are any reasonable grounds that you can show for believing that I have systematically done this. . . Accordingly, I shall not make a return." It would be almost impossible for the Commissioners at that stage to give evidence which would satisfy the tribunal of the reasonableness of their grounds. There is no danger of the Commissioners using these powers in the way which seems to be anticipated by my hon. Friend in moving the Amendment. What the Clause is intended to touch are the flagrant cases, which certainly exist, where there is a perpetual and deliberate avoidance of Super-tax by the sale to a company just before a dividend is declared. The reason why I say that there is no real ground for suspecting the Commissioners of using this power arbitrarily, is that with regard to any Super-tax payer the Commissioners have power to demand full particulars of such details as they require, under Section 66 of the Finance Act, 1910. As we know, these powers exist at present, but they are not used except to such an extent as may be reasonably necessary to check the accuracy of the returns. The object of the Clause is one with which everybody sympathises and the Amendments which I have indicated will, I hope, satisfy the Committee that it will be limited within reasonable bounds. I trust, therefore, that my hon. Friends will see their way not to press the Amendment which is under discussion.

Sir R. HORNE: I wish to be sure that I understand thoroughly what the Attorney-General proposes to do. In the first place, as I understand from the

answer he has given to my right hon. Friend, the proposal is to limit the operation of this Clause to fixed interest-bearing securities.

The ATTORNEY-GENERAL: It is limited to fixed interest-bearing securities and transactions on which the ordinary Stamp Duty is not paid.

Sir R. HORNE: It is also the intention of the Government that if the person selling one of these fixed interest-bearing securities, has to pay the amount of Super-tax to which he would be liable upon what is estimated to be his income on the capital price at which he gets the stock, the person who buys the stock will, on the other hand, be relieved of Super-tax to the extent that the first person—the seller—has paid it? That I understand to be the meaning that the right hon. and learned Attorney-General has derived from the last Amendment on the Paper in the name of my hon. Friend the Member for Wandsworth (Mr. Samuel Samuel). I should like to be sure of that, because it is important in regard to the discussion on the Amendment which is before the Committee now.

Mr. CHURCHILL: The intention of the Government is that the same sum of money shall not be taxed twice. We agree that the Clause as it now stands in no way alters the general practice which is in vogue, and if it be considered that further words are wanted to make it quite clear that the tax will not be collected twice on any sum of money, we will undertake to do so before the Report Stage is reached.

Mr. SMITHERS: On the point of Super-tax being payable twice over on the same income, I want to thank the Chancellor of the Exchequer for the promise to look into that, but I want to call the attention of the Chancellor of the Exchequer to another important matter. I can best explain it by a simple illustration. Supposing a Super-tax-paying individual buys £100,000 war loans and holds it for five months, and at the end of five months sells it to another tax-paying individual. Supposing the first man is attacked by this Clause and he has to return in his assessment to Super-tax the accrued amount he would have received on that

five months. I presume that, if the Revenue is successful, he would have to pay Super-tax on that five months to the man to whom he sells it. Presuming that the second man keeps it over the given date and he is in possession of the six months' coupon or in possession of the stock when the dividend was declared, would that second man be liable for the whole six months' dividend? If he is, then the Government has eleven months' dividend on the same income for six months. Then there is also the case of the man who had held some shares for about two years. A dividend was declared on those shares and he sells them, cum-dividend, before they were declared on the Stock Exchange to be actionable. When the directors of a company recommend a dividend, there is a certain space of time, very often several weeks, between the time the dividend was recommended by the directors, and before it was authorised by the general meeting. During that period, the holder of those shares which are transferred sells those shares, cum-dividend, to a second party who will have them until the general meeting. The point is that before they are returned as dividend, there is no time to get them out in the first man's name. The dividend was sent to him. He, in accordance with Stock Exchange practice, passes that dividend on to the man to whom he sold it. He has received a notice from the Revenue authorities that he is liable for tax on that dividend to which he was not entitled, but which he in fact never received and which he was found, according to the universal practice, to pass on to the man to whom he sold it. I understand that the law of the land is that the man who receives the dividend is responsible for the tax on that dividend, whether he sells the stock or not. If that be the case—taking the first instance which I have given—how is the man who bought this stock, only to hold it for one month, to escape paying the whole of the Super-tax? I am afraid this is a rather complicated point, but I hope I have made it clear. I am one whose business is to enter into these details, and, even if the Chancellor of the Exchequer had the best will in the world, I do not see how, as the law now stands, that second man, who only holds the stock for one month, can possibly get out

[Mr. Smithers.]

of paying Super-tax for the whole six months, should he be asked to do so. I hope the Chancellor or his advisers will look into the point and see if they cannot deal with it in the Bill. Pious expressions of opinion on the Floor of the House are no good in the City. We want it stated definitely in the Bill that Super-tax shall not be charged twice over on the same income.

Mr. CHURCHILL: My hon. Friend wrote to me and furnished me with particulars of a case in which, he says, the tax was being collected twice over, and he indicated that a good many people in the City who saw the letter from the Inland Revenue officials in that case thought we were already putting into operation some of the provisions of Clause 31. That was an entire delusion. The particular case is one which does not happen frequently, and it happened under the existing law and has nothing to do with the new legislation which we are introducing in this Bill. It is true that in the case of a sale after the dividend has been declared or before the stock goes ex-dividend, the dividend is adjudged to belong to the vendor, although the sale is cum-dividend. It has happened, and is happening at the present time, in a number of cases that the tax which ought to have been collected from the vendor in those circumstances, has been paid by the purchaser who, coming into possession of the dividend, includes it in his income for Super-tax purposes. What, in fact, has happened is that a good many people have failed to pay as vendors when they ought to have paid, and a good many people have paid as purchasers what they need not have paid. That is how it has worked over the Stock Exchange in practice for a considerable number of years and that is not affected at all by what we have done.

As a matter of fact, what the revenue has been losing on the one hand it has gained on the other, and it has not made any particular outcry about it. Now that we are dealing with this matter in Clause 31, these problems arise in a more precise and difficult form, but not in an aggravated form. All I can say upon the subject is that in our view, now that the matter has been raised, tax ought not to be collected twice on the same dividend,

whether that dividend is represented in the capital value before sale, or in the dividend received after the purchase by the purchaser. It may be that the tax should be divided between the two parties and that the accrued value up to the date of sale should be attributed to the vendor, and the remainder, after purchase, to the purchaser. That may appear complicated and difficult but that is the principle to which we should like to give effect. None of this is going to affect the ordinary run of Stock Exchange transactions or the daily experience of those dealing in these matters because questions will not arise unless a particular individual has been found to have reduced his Super-tax in the current year—the year in question—by more than 10 per cent. through the practice of selling *cum* dividend. That individual, when so charged—I use the word not in any criminal sense—when so approached, on the subject, has the right to say that he did not do it systematically. At his option, not at the option of the Inland Revenue, he may refer to three previous years to show that there has been no similar practice of sales *cum* dividend. Consequently, it is only in these very rare cases where it is established that there is evasion going on to the extent of more than 10 per cent. that the new question connected with this matter will arise at all. They are wholly exceptional cases. I was asked in how many cases the Board of Inland Revenue contemplated calling for a return from individuals under this Clause 31, and the figure I mentioned was far too high. Perhaps a few hundred cases will be sufficient to check the abuse. Subject to confirmation by Parliament of our proposals, inquiries into this number of cases will be sufficient to check abuse. That being so, we must regard this as a matter which, once passed into law, will not affect the ordinary transactions.

Mr. E. GRENFELL: With regard to the question of the shares, shares do not enter into this matter at all, because they are expressly excluded. The real difficulty the Chancellor will have to arrange is where an offending person "A" has held stock for four or five months. He will be charged interest on that as if he received the coupons. It will be sold to an unknown person "B" who, when he receives his coupon in the

ordinary course, will be charged the full six months. In that case the Government will receive from "A" five months and from "B" six months, but I do not see that it damages anyone particularly. "A" has been caught out and "B" has paid the interest he would have paid.

Sir B. PETO: I do not want to deal with special cases, but I do want to say in regard to this Amendment that the answer of the Attorney-General entirely dealt with the intention of the Government regarding this Clause. The Chancellor of the Exchequer has told us that the Government do not contemplate what some of us feared to be the purpose of the Clause, but we have to deal with the Clause as it stands, and even with the Amendments which the Attorney-General and the Chancellor have indicated the substance of the Clause will remain. It will always be possible to expand the Clause; the Amendments may be whittled away by some future Government. The fact remains that the Clause does give the Income Tax Commissioners power to serve a notice on any individual calling on him to make a return of all his stock and share transactions during the year. The Attorney-General says the Income Tax Commissioners have the power to make the fullest inquiries as to the income of any Super-tax payer. That is perfectly true as regards income, but apart from this Clause there is no power to call for a return of every stock and share transaction showing when you bought and when you sold and asking you to account for the exact number of months' interest accrued in each case. It is quite time that the Amendments put down by the hon. Member for the City of London, which the Government are going to accept in a modified form, will limit the scope of the Clause, but the principle is an absolutely new one. In order to catch some few people who seek to avoid Super-tax by transferring stocks just before the dividend is due, the Government are setting up new machinery, and no one knows how it will be used at some future time. It will be no use to say then "In 1927 the Chancellor of the Exchequer said it was never contemplated to do this or that"; or "The Attorney-General said that was not the intention or the Government's intentions and what was contemplated will not matter." The Clause does give the Income Tax Commissioners fresh powers

to make inquiries which can in future be used to any extent, and even universally.

Mr. SMITHERS: I apologise for intervening again, but I want to ask your guidance about two more points I have to raise. I cannot for the life of me see on which Amendment I can raise them.

The CHAIRMAN: If the hon. Member thinks it necessary to raise them he had better do so at once.

Mr. SMITHERS: Clause 31 distinctly says it applies only to Super-tax. The question may be put to me, and I wish to ask the Chancellor: Under Clause 31 will there be any income assessable for Super-tax only? How can there be income assessable for Super-tax if there is no Income Tax? Super-tax returns are based on Income Tax returns; you must have some Income Tax basis before you can have a Super-tax basis. Is there income from a Super-tax point of view which is not income from an Income Tax point of view?

My other points concern a change of investment. I take the simple case of two stocks which pay their dividends on the same date and are of the same class of security. Supposing an individual holds some India 3 per cent. but at the end of five months decides to change it for India 3½ per cent., because on a yield basis it pays him to make that exchange. Suppose he is approached by the Inland Revenue authorities for Super-tax on his accrued dividend on the India 3 per cent., will he be allowed to set off against that the extra price he has paid for his India 3½ per cent. because he has bought it with five months' accrued dividend on it? These are two questions which I would like the Chancellor of the Exchequer to answer, or, if he cannot do so now, to consider.

Mr. PETHICK-LAWRENCE: As this discussion has become general, I think it would save time and be to the convenience of the Committee if I expressed the attitude of this side of the House to the whole of these Amendments. We shall naturally support the Government in opposing this Amendment under immediate discussion. As far as the Amendments which the Chancellor of the Exchequer has put down are concerned, we shall not be opposed to the Amend-

[Mr. Pethick-Lawrence.]

ment—in page 19, line 34, to leave out the word “any” and to insert instead thereof the word “the”—as we regard it as a favourable alteration. With regard to the Amendment—in page 19, line 39, to leave out the word “five” and to insert the word “ten,” we are opposed to it, because we think it unnecessarily broadens the possibility of escape. We consider the original five large enough and we shall oppose the proposed extension to ten. With regard to the Amendments—in page 20, line 10, to leave out the words “by him,” and in page 20, to leave out from the word “assets” in line 10, to the end of line 14, and to insert instead thereof the words

“by or to him shall be deemed to have been received as and when it is deemed to have accrued.

Provided that an individual shall not be liable to be assessed to super-tax under this Section in respect of any such income if he proves to the satisfaction of the Special Commissioners that the avoidance of super-tax was exceptional and not systematic, and that there was not in his case in any of the three next preceding years any such avoidance of super-tax as is described in the provisions of the last preceding Sub-section”—

we are agreed that there should not be double Super-tax, and therefore, as far as the first is concerned, we are in favour of it; on the substitution of the words in the earlier part of the second we are agreed, but as far as the proviso is concerned we consider that it gives an unnecessary expansion of the means of escape, and we shall oppose it.

Mr. GILLET: There is just one point I would like to put. There is not very much really in this question of double taxation, because the person who is suffering, that is the buyer, as we have already been told, is at the present time making himself liable and can always guard himself against any taxation of this kind. I want to ask the Chancellor of the Exchequer this point. He has not told us his reasons for taking out Stock Exchange transactions. Is he quite convinced that these individuals he is really searching after, when they find it can be done by the Stock Exchange, will not find that they have been given a loophole?

Mr. CHURCHILL: I am advised that that will not occur. The principal method of avoiding Super-tax by a cum-dividend sale is operative on fixed income bearing securities and particularly on War Loan and Government stock. The method we particularly object to is where it takes place by means of a mere book-keeping transaction, and where in consequence there is no Stamp Duty collected, and there are none of the checks which operate in the case of a sale in the open market. When a sale takes place in the open market, there may be some check. There is payable the Stamp Duty and brokerage commission on the sale and another on the purchase. We consider these deterrents will be sufficient to protect this group of dealings from tax evasion.

Sir R. HORNE: May I ask if it is not really the fact that the only securities on which it has been proved worth while to carry out this device are Government securities, for which there is no Stamp Duty, and also ordinary bearer bonds? In practically no other forms of transfer is it worth while trying to dodge the tax, and I think it would be a good plan to confine the Clause to the class which are the real means of trying to escape tax. Thus, the Chancellor of the Exchequer will save the Inland Revenue trouble and also the taxpayer.

Amendment negatived.

Amendment made: In page 19, line 34, leave out the word “any,” and insert instead thereof the word “the”.—[Mr. Churchill.]

Mr. E. GRENFELL: I beg to move, in page 19, line 37, to leave out the word “options.”

Mr. CHURCHILL: The Government accept this Amendment.

Amendment agreed to.

Mr. CHURCHILL: I beg to move, in page 19, line 39, to leave out the word “five,” and to insert instead thereof the word “ten.”

Question put, “That the word ‘five’ stand part of the Clause.”

The Committee divided: Ayes, 23; Noes, 153.

Division No. 237.]

AYES.

[12.40 a.m.]

Alexander, A. V. (Sheffield, Hillsbro')
Beckett, John (Gateshead)
Brown, Ernest (Leith)
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Davies, Rhys John (Westhoughton)
Garro-Jones, Captain G. M.
Gillett, George M.

Hayday, Arthur
Hayes, John Henry
Hudson, J. H. (Huddersfield)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Lawrence, Susan
Lindley, F. W.
Pethick-Lawrence, F. W.
Potts, John S.

Sinclair, Major Sir A. (Calthness)
Smith, Ben (Bermondsey, Rotherhithe)
Strauss, E. A.
Wellock, Wilfred
Windsor, Walter

TELLERS FOR THE AYES.—
Mr. Parkinson and Mr. Charles
Edwards.

NOES.

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Ainsworth, Major Charles
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Balfour, George (Hampstead)
Banks, Reginald Mitchell
Beamish, Rear-Admiral T. P. H.
Bennett, A. J.
Betterton, Henry B.
Bird, E. R. (Yorks, W. R., Skipton)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brittain, Sir Harry
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Burman, J. B.
Caine, Gordon Hall
Carver, Major W. H.
Chadwick, Sir Robert Burton
Churchill, Rt. Hon. Winston Spencer
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Cope, Major William
Couper, J. B.
Courtauld, Major J. S.
Cowan, Sir Wm. Henry (Islington, N.)
Cragg, Sir Ernest (Chester, Crewe)
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Curzon, Captain Viscount
Davidson, J. (Hert'd, Hemel Hempst'd)
Davies, Maj. Geo. F. (Somerset, Yeovil)
Dawson, Sir Philip
Dean, Arthur Wellesley
Dixey, A. C.
Drewe, C.
Eden, Captain Anthony
Elliot, Major Walter E.
England, Colonel A.
Fairfax, Captain J. G.
Fanshawe, Captain G. D.
Fielden, E. B.
Forrest, W.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gadie, Lieut.-Colonel Anthony
Gibbs, Col. Rt. Hon. George Abraham
Glyn, Major R. G. C.

Goff Sir Park
Greene, W. P. Crawford
Grenfell, Edward C. (City of London)
Gretton, Colonel Rt. Hon. John
Grotrian, H. Brent
Gunston, Captain D. W.
Hall, Capt. W. D'A. (Breckon & Rad.)
Hanbury, C.
Hannon, Patrick Joseph Henry
Harland, A.
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Henderson, Capt. R. R. (Oxf'd, Henley)
Heneage, Lieut.-Col. Arthur P.
Henn, Sir Sydney H.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hillis Major John Walter
Hilton, Cecil
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Hopkins, J. W. W.
Horne, Rt. Hon. Sir Robert S.
Iliffe, Sir Edward M.
Inskip, Sir Thomas Walker H.
Jacob, A. E.
James, Lieut.-Colonel Hon. Cuthbert
Jephcott, A. R.
Jones, G. W. H. (Stoke Newington)
Kennedy, A. R. (Preston)
King, Commodore Henry Douglas
Lamb, J. Q.
Long, Major Eric
Lougher, Lewis
Lucas-Tooth, Sir Hugh Vere
Luce, Major-Gen. Sir Richard Harman
Lumley, L. R.
MacIntyre, Ian
McLean, Major A.
Macmillan, Captain H.
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Margesson, Captain D.
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Sir Newton J.
Nall, Colonel Sir Joseph
Nelson, Sir Frank
Neville, Sir Reginald J.
Newman, Sir R. H. S. D. L. (Exeter)
Nicholson, O. (Westminster)
O'Connor, T. J. (Bedford, Luton)

Oakley, T.
Peto, Sir Basil E. (Devon, Barnstaple)
Peto, G. (Somerset, Frome)
Radford, E. A.
Raine, Sir Walter
Ramsden, E.
Rawson, Sir Cooper
Remer, J. R.
Remnant, Sir James
Rhys, Hon. C. A. U.
Roberts, E. H. G. (Flint)
Roberts, Sir Samuel (Hereford)
Ropner, Major L.
Salmon, Major I.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanderson, Sir Frank
Sandon, Lord
Savery, S. S.
Shaw, R. G. (Yorks, W. R., Sowerby)
Shepperson, E. W.
Skelton, A. N.
Slaney, Major P. Kenyon
Smithers, Waldron
Sprot, Sir Alexander
Stanley, Lord (Fylde)
Stanley, Lieut.-Colonel Rt. Hon. G. F.
Stanley, Hon. O. F. G. (Westm'land)
Steel, Major Samuel Strang
Storry-Deans, R.
Stuart, Crichton. Lord C.
Styles, Captain H. Walter
Thomson, F. C. (Aberdeen, South)
Tinne, J. A.
Titchfield, Major the Marquess of
Vaughan-Morgan, Col. K. P.
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watts, Dr. T.
Wells, S. R.
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Wilson, R. R. (Stafford, Lichfield)
Windsor-Clive, Lieut.-Colonel George
Wise, Sir Fredric
Womersley, W. J.
Wood, B. C. (Somerset, Bridgwater)
Wragg, Herbert
Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
Captain Bowyer and Mr. Penny.

Motion made, and Question, "That the word 'ten' be there inserted," put, and agreed to.

Further Amendment made: In page 20, line 10, leave out the words "by him."—
[Mr. Churchill.]

Mr. CHURCHILL: I beg to move, in page 20, to leave out from the word "assets," in line 10, to the end of line 14, and to insert instead thereof the words:

"by or to him shall be deemed to have been received as and when it is deemed to have accrued."

Provided that an individual shall not be liable to be assessed to super-tax under this Section in respect of any such income if he proves to the satisfaction of the Special Commissioners that the avoidance of super-tax was exceptional and not systematic, and that there was not in his case in any of the three next preceding years any such avoidance of super-tax as is described in the provisions of the last preceding Sub-section."

Captain GARRO-JONES: I think in simple language this appears to be a mandate to any financier to have one evasive transaction every three years. What occasion is there for that? If it be necessary to prevent these transactions as a general rule, why should we give them this licence to evade Super-tax once every three years? It may prove to be that a very substantial amount is involved or it may prove to be that these financiers will carry out hundreds of transactions for minor amounts and will not be permitted to evade small sums, but once every three years they may sell half a million pounds of stock and evade the Super-tax. I should like to ask the Chancellor of the Exchequer what conceivable reason there can be for this licence for large transactions every three years. If there be no satisfactory reply forthcoming, I feel sure that it is a proposal that we on this side of the House will like to vote against.

Mr. BECKETT: On this Amendment, I hope that we are going to get a reply from the Chancellor of the Exchequer.

Mr. CHURCHILL: I will reply to the hon. Members below the Gangway who are distressed about this Amendment. What we wish to do is to check the abuse. We also desire not to interfere with the rapid flow of business. There-

fore, we have been prepared to give the greatest possible measure of reassurance which we can give without destroying the efficiency of the proposal. I am advised that no appreciable loss of revenue will result from this. What we have in mind is systematic and habitual evasion of taxation by people who, as a rule, make it a regular policy on which they conduct their affairs. We do not wish, for the sake of striking at that, to prevent people from dealing in the ordinary way, sometimes selling cum dividend and incidentally avoiding tax when they are not doing it as a part of a settled and habitual policy. For that purpose we have introduced the proviso. The proviso will have the effect of setting a great mass of people, who deal in stocks and shares, entirely at their ease so far as this Clause 31 is concerned. They can carry on without worrying about it at all. At the same time, I am advised that the proviso enables us to stop those who are making a speciality of tax evasion, and who, having been checked on Clause 29, will endeavour to save themselves through the device of resorting to sales cum dividend.

Question put, "That the words proposed to be left out stand part of the Clause."

The Committee divided: Ayes, 21; Noes, 148.

Division No. 238.]

AYES.

[12.53 a.m.]

Alexander, A. V. (Sheffield, Hillsbro')
Beckett, John (Gateshead)
Brown, Ernest (Leith)
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Davies, Rhys John (Westhoughton)
Edwards, C. (Monmouth, Bedwellty)

Garro-Jones, Captain G. M.
Gillett, George M.
Hayday, Arthur
Hudson, J. H. (Huddersfield)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Lawrence, Susan
Lindley, F. W.

Parkinson, John Allen (Wigan)
Pethick-Lawrence, F. W.
Potts, John S.
Wellcock, Wilfred
Windsor, Walter

TELLERS FOR THE AYES.—
Mr. Hayes and Mr. Benjamin Smith.

NOES.

Acland-Troyte, Lieut.-Colonel
Ainsworth, Major Charles
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Balfour, George (Hampstead)
Banks, Reginald Mitchell
Beamish, Rear-Admiral T. P. H.
Bennett, A. J.
Betterton, Henry B.
Bird, E. R. (Yorks, W. R., Skipton)
Boothby, R. J. G.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brittain, Sir Harry
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Buchan, John
Buckingham, Sir H.
Burman, J. B.
Caine, Gordon Hall
Carver, Major W. H.

Chadwick, Sir Robert Burton
Churchill, Rt. Hon. Winston Spencer
Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Cope, Major William
Couper, J. B.
Courtauld, Major J. S.
Cowan, Sir Wm. Henry (Islington, N.)
Craig, Sir Ernest (Chester, Crews)
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Curzon, Captain Viscount
Davidson, J. (Hert'd, Hemel Hempst'd)
Davies, Maj. Geo. F. (Somerset, Yeovil)
Dawson, Sir Philip
Dean, Arthur Wellesley
Dixey, A. C.
Drewe, C.
Eden, Captain Anthony

Elliot, Major Walter E.
England, Colonel A.
Fairfax, Captain J. G.
Fanshawe, Captain G. D.
Fielden, E. B.
Forrest, W.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Gadley, Lieut.-Col. Anthony
Gibbs, Col. Rt. Hon. George Abraham
Glyn, Major R. G. C.
Goff, Sir Park
Greene, W. P. Crawford
Grenfell, Edward C. (City of London)
Gretton, Colonel Rt. Hon. John
Grotrian, H. Brent
Gunston, Captain D. W.
Hall, Capt. W. D'A. (Breckon & Rad.)
Hanbury, C.
Hannon, Patrick Joseph Henry

Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Totnes)
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Heneage, Lieut.-Col. Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hilton, Cecil
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hopkins, J. W. W.
 Iliffe, Sir Edward M.
 Inskip, Sir Thomas Walker H.
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Long, Major Eric
 Lougher, Lewis
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 MacIntyre, Ian
 McLean, Major A.
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Margesson, Capt. D.

Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Sir Newton J.
 Nall, Colonel Sir Joseph
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, O. (Westminster)
 O'Connor, T. J. (Bedford, Luton)
 Oakley, T.
 Penny, Frederick George
 Peto, Sir Basil E. (Devon, Barnstaple)
 Peto, G. (Somerset, Frome)
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Remer, J. R.
 Remnant, Sir James
 Rhys, Hon. C. A. U.
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanderson, Sir Frank
 Sandon, Lord
 Savery, S. S.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shepperson, E. W.
 Skelton, A. N.

Slaney, Major P. Kenyon
 Smithers, Waldron
 Sprot, Sir Alexander
 Stanley, Lord (Fylde)
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Hon. O. F. G. (Westm'land)
 Steel, Major Samuel Strang
 Story-Deans, R.
 Stuart, Crichton, Lord C.
 Styles, Captain H. W.
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Vaughan-Morgan, Col. K. P.
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watts, Dr. T.
 Wells, S. R.
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Womersley, W. J.
 Wood, B. C. (Somerset, Bridgwater)
 Wragg, Herbert
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Mr. Frederick Thomson and Captain
 Bowyer.

Motion made, and Question, "That the proposed words be there inserted," put, and agreed to.

Clause, as amended, ordered to stand part of the Bill.

POSTPONED CLAUSE 32. — (*Relief from Super-tax where income attributable to a period exceeding a year is received in a year.*)

Sir HENRY BUCKINGHAM: I beg to move, in page 21, line 14, to leave out the word "may" and to insert instead thereof the word "shall." This is a very small Amendment. It is simply that the Special Commissioner shall charge the taxpayer to Super-tax or adjust his liability to Super-tax for that year or any succeeding year—

Mr. CHURCHILL: We will accept the Amendment.

Amendment agreed to.

Clause, as amended, ordered to stand part of the Bill.

Postponed Clause 33 (*Supplemental provisions*) ordered to stand part of the Bill.

POSTPONED CLAUSE 34. — (*Application of last five preceding Sections.*)

Mr. H. WILLIAMS: I beg to move, in page 22, line 14, to leave out "1928-29," and to insert instead thereof "1929-30." The purpose of this Amendment is to delay the operation of these Clauses for

the period of one year in order to give trade and industry time to adjust itself.

Captain GARRO-JONES: I sincerely hope the Chancellor of the Exchequer will not assent to this proposal. He has gone a great deal too far in concessions to those who are known as the Industrial Group in the House of Commons. He has discovered a leak in the dyke. The hon. Member says, "Do not let us stop it this year, but next year." All the time the revenue is losing an incalculable amount, year by year. If the right hon. Gentleman says he is not going to accept it, I will save myself any further speech.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald MacNeill): I am in the rather unusual position of agreeing with the hon. and gallant Member for South Hackney (Captain Garro-Jones). I do not know why this delay should be suggested. As the hon. Member who has just sat down has said, the hypothesis is that evasion is going on. Why should we not stop it at the earliest possible moment? Why should we incur a loss of revenue?

Mr. WILLIAMS: I beg to ask leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

Mr. H. WILLIAMS: I beg to move, in page 22, line 14, at the end to insert the words
 "only and for any succeeding years of assessment."

[Mr. Williams.]

I do not know whether this Amendment is necessary. Is it perfectly certain that there is no retrospective effect in the Clause linking up the 1922 Act?

Mr. McNEILL: This Amendment really is not required for the purpose which my hon. Friend has in view. It definitely states in the Section that the Clauses concerned are to come into operation for the years 1928-29. That being so, they cannot have any effect earlier than that. The words

"for and succeeding years of assessment" are unnecessary, because he knows the Super-tax as such is to be brought to an end and a Sur-tax is to be introduced. The application of this Clause to the Sur-tax will be brought about by Clause 39, Sub-section (10). For both these reasons it is unnecessary to put in these words.

Mr. WILLIAMS: In view of the assurance that the Amendment is unnecessary, I beg to ask leave to withdraw it.

Amendment, by leave, withdrawn.

Motion made, and Question, "That the Clause stand part of the Bill," put, and agreed to.

Clause 46 (*Transfer of sum from Road Fund to Exchequer*) postponed.—[Mr. Churchill.]

Clause 47 (*Continuance during current financial year of s. 58 of 10 and 11 Geo. 5 c. 18*) ordered to stand part of the Bill.

CLAUSE 48.—(*Relief from capital and transfer stamp duty in case of reconstructions or amalgamations of companies.*)

Motion made, and Question, "That the Clause stand part of the Bill," put, and negatived.

CLAUSE 49.—(*Relief under s. 16 of Finance Act, 1907, in connection with certain settled property to cease.*)

Commander WILLIAMS: I put an Amendment down to reject this Clause, because it is once again adding to the capital taxation of the country, which the party I stand for thinks to be against the best interests of the nation as a whole. When I came down this afternoon I hardly expected the Chancellor of the Exchequer would give much

away in the sense of money. When the right hon. Gentleman the Member for Norwich (Sir Hilton Young) was speaking, the Chancellor of the Exchequer approved, apparently, the principle that if money could be saved and put to capital purposes it was a good thing in the interests of the country as a whole. But if you are to save money and add to the capital resources of the nation, what is the good of the Chancellor of the Exchequer coming down and adding additional burdens? I protest against the insertion of this Clause, which adds something like £800,000 to the revenue of the country and takes something like £800,000 out of the savings of the country and places it in the pocket of the Exchequer. I would like to point out and emphasise that in two out of the three years in this country there has been some addition to the individual taxation. It is against the policy of the Government at the election, which was that they would not in any way, or any sense, put additional taxation on capital. I certainly gave that pledge. I believe that promise was

1.0 a.m. made by the Prime Minister when he said he was against a capital levy in any form. I know perfectly well the Chancellor of the Exchequer will bring out that this is some form of amalgamation of capital which did not take place before; that it escaped the notice of his predecessors. But they did not really miss very much. Not very much was missed by the Leader of the Liberal party in the 1909 Budget. I would say, on behalf of what I believe is a considerable portion of the party to which I belong, that I very deeply regret that we should have any addition whatever to the capital taxation of the country, and I would like to ask the Chancellor of the Exchequer whether he will not do something to grant a concession in this particular respect.

Mr. McNEILL: I listened to what my hon. Friend said just now, but I must say I could not trace any very close connection between his observations and the Clause with which he was dealing. There is really nothing about which he or any other Conservative Member as anything to complain in this proposal. The Clause does not create a hardship. What it does

is to put an end to a special privilege which has been quite accidentally enjoyed, I think, by an oversight rather than otherwise, for some years by a small and particular class of property owners. The hon. Member has not explained to the Committee how this Clause arose, and I would like to remind the Committee that it has rather an intricate history. It really arises from an oversight. The duty was first introduced in 1894, and it was then charged upon the aggregate value of all the property passing at a man's death, and special provisions then applied to settled property. Settled property at that time was not to be charged with Estate Duty more than once during the period of the settlement unless it passed on the death of a person who had power himself to dispose of the property. If I may give an example. Supposing that a property owner "A" died in the year 1900, leaving settled property by will to "B" for life, with remainder to "C." Duty was payable on the death of "A" as settlor but not on "B's" death, because he had no power to dispose of the property. All the settled property passing on the death of the tenant for life was aggregated with all his other property to determine the rate of the duty if the settled property was liable to duty at his death; that is to say, if he had power to dispose of it, but not otherwise. This state of the law; as one can well understand, was not long in that condition, and in the year 1900, on the recommendation of a Committee set up to look into the matter by the Chancellor of the Exchequer of the day, the law was altered in so far as the settlement applied to the property settled by a person who died before 1894, when the Estate Duty was first introduced, on which duty would have been payable if he had died after 1894. The Committee will see how much depends on the accident of the date of a particular man's death.

I will take an example. If the settlor, whom we will call "A," died say in 1890 and "B," being the first tenant for life, died in 1900; in that case the latter was the first death under the settlement after the introduction of the duty, then the settled property was aggregated not to the rest of the property of "A" who died before but with the rest of the property of "B" the tenant for life which was very unsatisfactory. On "B's"

death, which I have assumed to have occurred in 1900, if "A" had happened to die in 1895, one year after the introduction of the duty in 1894, it would have been on his property and not on "B's" that the aggregation would have taken place. Therefore, the whole of that depended upon the mere accident of the date of death. Some relief was given in 1907, but in 1914 the whole position was altered, because as from that date the special provision about settled property was swept away, and the duty was made payable on the death of the tenant for life in the case of the settlement. But this particular one small class of settlements made before 1894 were overlooked, and that particular matter was not dealt with at that time. It is only now after a very considerable time that the anomaly has been detected, and we are now putting it right. That is entirely the scope of the present Clause—merely to remove that very obvious anomaly, and it will give no possible grievance to anybody.

Amendment negatived.

Motion made, and Question, "That the Clause stand part of the Bill," put, and agreed to.

Clauses 50 (*Provisions with respect to relief from double taxation in certain cases where succession duty is payable in Northern Ireland*), 51 (*Authorisation of disclosure of information in connection with taxes to officers of Northern Ireland Government*), 52 (*Amendment of s. 12 of Finance Act, 1898, 61 and 62 Vict. c. 10*), and 53 (*Construction, short title, application and repeal*), ordered to stand part of the Bill.

Motion made, and Question, "That the Chairman do report Progress and ask leave to sit again," put, and agreed to. —[*Mr. Churchill.*]

Committee reported progress; to sit again To-morrow (Tuesday).

The remaining Orders were read and postponed.

MEMBERS' SEATS IN THE HOUSE.

Resolved,

"That the Resolution of the House of the 23rd March, 1888, which provides that a

Member serving on a Select Committee, while in attendance on the Committee, should retain a seat without being present at prayers by affixing the proper card thereon, be extended to the case of Members serving on a departmental committee."—
[Mr. Lamb.]

It being after half-past Eleven of the Clock upon Monday evening, Mr. DEPUTY-SPEAKER adjourned the House, without Question put, pursuant to the Standing Order.

Adjourned accordingly at Twenty-two Minutes after One o'Clock.

HOUSE OF COMMONS.

Tuesday, 5th July, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

COLONIAL STOCK ACT, 1900.

Copy ordered, "of Treasury List of Colonial Stocks in respect of which the provisions of the Act are for the time being complied with."—[*Mr. McNeill.*]

ORAL ANSWERS TO QUESTIONS.

TRADE AND COMMERCE.

TEXTILES (IMPORTS AND EXPORTS).

1. **Mr. HERBERT WILLIAMS** asked the President of the Board of Trade if he can state the imports and exports of hosiery made of silk and artificial silk and of all other textile materials, respectively, for the five months ended 31st May this year, and for comparison during the same periods in 1925 and 1926?

The **PRESIDENT** of the **BOARD of TRADE** (**Sir Philip Cunliffe-Lister**): Particulars of the imports, exports and re-exports for which my hon. Friend asks, are fully set out on pages 66, 159 and 205 of the last issue of the "Accounts relating to Trade and Navigation of the United Kingdom." In the case of underwear and fancy hosiery, the goods described as being of "Other textile materials" are no doubt mainly silk and artificial silk goods.

Brigadier-General Sir HENRY CROFT: Is the right hon. Gentleman aware that the hosiery imported would, if made in this country, provide sufficient work for all the unemployed in the hosiery trade?

Sir P. CUNLIFFE-LISTER: I should like to have notice of that question.

CENSUS OF PRODUCTION.

2. **Mr. H. WILLIAMS** asked the President of the Board of Trade when the

General Report on the Census of Production is likely to be completed; and if the Report on the Engineering Trades is the last of the preliminary Reports?

Sir P. CUNLIFFE-LISTER: I would refer my hon. Friend to my answer of 12th April to the hon. Member for Wimbledon (**Sir J. Power**), a copy of which I am sending him. I may add that, in 16 issues of the Board of Trade Journal, there have now been published reports on approximately one-half of the industries covered by the Census.

RUSSIA.

4. **Lieut.-Commander KENWORTHY** asked the President of the Board of Trade what are the figures of the trade between this country and Russia during the month of June last?

Sir P. CUNLIFFE-LISTER: The figures for which the hon. and gallant Member asks will not be ready for about three weeks. When they are available I will have them circulated in the **OFFICIAL REPORT**.

OLD NEWSPAPERS (EXPORTS).

6. **Mr. H. WILLIAMS** asked the President of the Board of Trade whether the exports of wrapping and packing paper as shown in the Trade and Navigation Returns consist in part of old newspapers; and, if so, can he state to what extent?

Sir P. CUNLIFFE-LISTER: Exports of old newspapers are not included in any of the exports of wrapping and packing paper enumerated in this year's monthly accounts of Trade and Navigation.

Mr. WILLIAMS: May I ask whether they have been included in the past?

Sir P. CUNLIFFE-LISTER: Yes, I think they were included in earlier years.

FRANCE (COAL IMPORT LICENCES).

5. **Mr. C. EDWARDS** asked the President of the Board of Trade whether he can make any statement as to the probability of the French embargo on British coal being removed as a result of the negotiations carried on by His Majesty's Government?

Sir P. CUNLIFFE-LISTER: I would refer the hon. Member to the answer

[Sir P. Cunliffe-Lister.]
given to the hon. Member for Leith (Mr. E. Brown) on 27th June, a copy of which I am sending him.

Mr. PALING: Is it a fact that the French authorities reported that they would not remove this embargo until the stocks of about 3,000,000 tons of coal which had accumulated had been got rid of?

Sir P. CUNLIFFE-LISTER: No, I do not think they said that. They have said that what they are looking to is to limit for the time being their total imports by about 250,000 tons. In the answer to which I have referred, I gave the House the number of licences which have already been granted.

Mr. PALING: Do not they say that this embargo is put on mainly because they have such huge stocks in France?

Sir P. CUNLIFFE-LISTER: Yes, that is so.

41. **Mr. C. EDWARDS** asked the Minister of Labour the number of miners in South Wales who have received notice to quit their employment since the French licensing scheme was brought into operation?

The PARLIAMENTARY SECRETARY to the MINISTRY of LABOUR (Mr. Betterton): I am afraid I have no information on this point.

Mr. EDWARDS: Do not the Department receive at least monthly reports as to the number of men employed?

Mr. BETTERTON: Yes, that is so, and in a week or ten days I shall have a report of the number of unemployed miners in South Wales, bringing it up to the end of June. The hon. Member can compare it with the number at the end of May and that will give him exactly the information he is asking for.

Mr. EDWARDS: Will those figures be sent to me or will it be necessary to put down another question?

Mr. BETTERTON: I will send them, or, if the hon. Member likes to put a question down, I will give them in the form of an answer.

Mr. BATEY: When the figures are being given for South Wales, could not we have them for the whole of the country?

Mr. BETTERTON: If the hon. Member likes to put down a question, I will consider that.

Mr. BATEY: Would it be possible for the Minister to tell us not only the number of miners who are unemployed receiving relief but those who have been cut off from unemployment benefit?

Mr. BETTERTON: That, of course, is an entirely different question, but, if the hon. Member puts a question down, I will give him what information I have.

STONEHENGE (WAR OFFICE BUILDINGS).

7. **Lieut.-Commander KENWORTHY** asked the Secretary of State for War if he is aware that a row of 18 square red and yellow steel huts or houses have been erected by the War Office on Lark Hill, within a mile and a half of Stonehenge; that the circle of Stonehenge is orientated in that direction, so that the sunrise at the summer solstice is in line with the land on which these huts now are; when he intends to have these huts removed; whether permanent brick and slate barracks are to be erected on Lark Hill within full view of this national monument; and whether he will see some other site is available equally suitable for military purposes but further away from Stonehenge?

The FINANCIAL SECRETARY to the WAR OFFICE (Commodore Douglas King): As regards the first part of the question, if the hon. and gallant Member is referring to the 36 married quarters erected in steel construction at Lark Hill Camp last year, I am advised that they are clear of the line of sight of the midsummer sun's rise as viewed from Stonehenge and special steps have already been taken to ensure that that line continues to be kept clear so far as future buildings are concerned. As regards the last part of the question, a scheme is under consideration for the replacement by permanent barracks of the temporary hutments at Larkhill, which are falling into disrepair and involve excessive charges for maintenance. Roads, drains, water supply and electric light facilities already exist at Lark Hill, and it would therefore be im-

possible to justify the heavy expenditure involved in removal to another site, even were a suitable alternative available.

Lieut.-Commander KENWORTHY: Is the hon. and gallant Member aware that it is not only a question of the line of the sun's rising, but the right of the whole people to have this monument in a setting where its surroundings are not impaired by present-day buildings of the War Office?

Commodore KING: It depends, of course, on the size of the setting which the hon. and gallant Member requires. As he said in his question, these buildings are a mile-and-a-half away.

Lieut. - Commander KENWORTHY: But does not the hon. and gallant Member know that Stonehenge is quite unique in its character, and that it is worth while to preserve it?

Commodore KING: Oh, yes; I have heard of Stonehenge, and I quite agree with the hon. and gallant Member that it is very undesirable that the amenities should be destroyed.

Commander WILLIAMS: According to the question, is not the colour of these huts the real cause of the trouble?

Colonel DAY: Can the hon. and gallant Member say what is the excessive charge for maintenance mentioned in the original answer?

Commodore KING: No. It is obvious that if buildings are falling into disrepair, and they are only temporary huts, it is better that they should be replaced by permanent buildings which will last for some years.

8. **Lieut.-Commander KENWORTHY** asked the Secretary of State for War what is the total area of land owned or leased by the War Office, or on which a prior lien is held, on Salisbury Plain and in the district?

Commodore KING: The War Department land on Salisbury Plain and in the district, all of which is freehold, comprises 58,210 acres, of which 1,508 acres is in the permanent occupation of the Air Ministry.

Lieut. - Commander KENWORTHY: In that case, why cannot the hon. and gallant Member put his huts and buildings somewhere else than within a mile-and-a-half of Stonehenge? He has 58,000 acres to play with.

Commodore KING: I would remind the hon. and gallant Member that this land is not held as building sites. It is largely used as an artillery range, and we cannot place buildings in the line of fire.

Lieut. - Commander KENWORTHY: The hon. and gallant Member is really trifling with the matter.

Mr. SPEAKER: We cannot debate this question now.

Lieut. - Commander KENWORTHY: I have no desire to debate it, Sir, but I think the answer I have just received is a trifling one.

Mr. SPEAKER: The hon. and gallant Member may think that, but this is not the time to say it.

GOVERNMENT DEPARTMENTS.

WAR OFFICE (TEMPORARY TYPISTS).

9. **Mr. SNELL** asked the Secretary of State for War what is the number of temporary staff employed in headquarters and out-station offices in his Department, respectively, in each of the following grades: Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists; and whether he can state the average length of service of the shorthand-typists and copying-typists concerned?

Commodore KING: Such information as is available has been put in tabular form, and I will therefore, with the hon. Member's permission, circulate it in the OFFICIAL REPORT.

Following is the information:

The figures for the War Office are as follow:

—	Num- bers.	Average Years.	Service : Months.
<i>Shorthand Typists.</i>			
Grade I ...	2	9	10
Grade II ...	1	11	3
<i>Typists.</i>			
Grade I ...	34	9	6
Grade II ...	Nil	—	—

Figures are not available in regard to those employed outside.

WASTAGE AND RECRUITMENT.

51. **Sir JOHN POWER** asked the Secretary to the Treasury the total wastage of the Civil Service from all causes during the year ended 31st March; and the total number of persons recruited for the service during the same period?

The **FINANCIAL SECRETARY** to the **TREASURY** (Mr. McNeill): The net result of the operation of the two processes referred to by my hon. Friend will be found by a comparison of the total staffs of Government Departments as shown in the statement presented to Parliament quarterly. I am sending him copies of the statements relating to the financial year 1926-27. A detailed analysis giving the total wastage and total recruitment during the financial year 1926-27 is not at present available.

CLERICAL GRADES, BROMLEY.

48. **Mr. ERNEST BROWN** asked the Financial Secretary to the Treasury which scale of pay should operate for P class clerical and temporary clerical grades employed in the various Government offices in Bromley, Kent?

Mr. McNEILL: The provincial scale is payable to members of the classes referred to employed in Bromley, Kent.

Lieut.-Colonel JAMES: Can the right hon. Gentleman tell me what are the corresponding figures for Leith?

WRITING ASSISTANTS.

49. **Mr. E. BROWN** asked the Financial Secretary to the Treasury what is the authorised complement of writing assistants in headquarters departments of the Civil Service; how many have so far been appointed; and how many have been promoted to the clerical class since January, 1925?

Mr. McNEILL: I am not in possession of statistics compiled on the basis indicated. Particulars as to the number of posts of writing assistants, for which provision is made on the Votes of each Department, will be found in the Estimates for the current financial year. The total number of writing assistants actually employed on 1st April, 1926, was 4,603, but I am unable to allocate this figure between headquarters and other stations. The number of writing assistants pro-

moted to other grades in the period 1st April, 1923, to 31st March, 1926, was 897. Later particulars are not available.

MINISTRY OF LABOUR (TEMPORARY MESSENGERS, CARDIFF).

50. **Mr. E. BROWN** asked the Financial Secretary to the Treasury whether temporary messengers employed in the Divisional Office, Ministry of Labour, Cardiff, are entitled to an annual issue of uniform, as in the case of all other Departments; and, if so, the reason for the non-issue of such uniform to these temporary messengers?

Mr. BETTERTON: I have been asked to reply. It has not hitherto been the practice to supply uniform in these cases, but the question is under consideration.

SCOTLAND.

EDUCATION FUND.

14. **Mr. WESTWOOD** asked the Secretary of State for Scotland what balance was left in the Scottish Education Fund for each of the years 1920, 1921, 1922, 1923, 1924, 1925, and 1926, respectively?

The **UNDER-SECRETARY** of **STATE** for **SCOTLAND** (Major Elliot): As the answer to this question contains a number of figures, my right hon. Friend will, with the hon. Member's permission, cause it to be circulated in the **OFFICIAL REPORT**. He adds that the average balance is £38,322.

Following are the figures:

Year beginning 1st April.				Balance of Education (Scotland) Fund at end of year.	
				£	s. d.
1920	...	...	...	26,673	3 6
1921	...	...	...	50,156	16 5
1922	...	...	...	26,173	16 1
1923	...	...	...	49,844	4 2
1924	...	...	...	27,805	10 10
1925	...	...	...	36,075	6 8
1926	...	...	...	51,528	15 10

15. **Mr. WESTWOOD** asked the Secretary of State for Scotland what sum of money will be allocated among the education authorities of Scotland, and its method of allocation, for the year 1927-28; and what balance will remain unallocated from the Scottish Education Fund for the same year?

Major ELLIOT: It is estimated that the amount of grant payable to education authorities in Scotland for the year 1927-28 will be not less than the amount payable in respect of the preceding year, namely, £6,345,000. The method of allocation is set forth in detail in the Education Authorities (Scotland) Grant Regulations, 1927, which were laid before Parliament on 21st June. With regard to the last part of the question, it is impossible at this date to state the amount of the balance of the Education (Scotland) Fund at 31st March next, but my right hon. Friend sees no reason to anticipate that it will represent any considerable departure from the average.

Mr. WESTWOOD: Is it not expected that there will be £100,000 in hand at the end of the financial year?

Major ELLIOT: I simply say we do not expect that there will be any considerable departure from the average.

HEATHER BURNING ACT.

11. **Sir A. SINCLAIR** asked the Secretary of State for Scotland whether any applications for the issue of orders under the Heather Burning (Scotland) Act, 1926, have been received by the Board of Agriculture for Scotland during the present year?

Major ELLIOT: The answer is in the negative.

EMPIRE MARKETING FUND (GRANT).

12. **Sir A. SINCLAIR** asked the Secretary of State for Scotland what arrangements have been made by the Board of Agriculture for Scotland with regard to the expenditure of publicity grants from the Empire Marketing Fund; and what particular classes of home-grown produce it has been decided to support by such advertisements?

The SECRETARY OF STATE for the COLONIES (Mr. Amery): I have been asked to reply to this question. Expenditure on publicity is under the direct control of the Empire Marketing Board in conjunction with His Majesty's Stationery Office, and, therefore, no grants for publicity purposes have been made to the Board of Agriculture for Scotland. The policy of the Empire Marketing Board is to put the claims of the home agricultural producer, including, of course, the Scottish producer, in the forefront of its publicity.

Sir A. SINCLAIR: Can my right hon. Friend say what special steps are taken to see that the interests of the Scottish home producer are safeguarded, and what steps are taken to pursue this campaign in the large industrial centres in Scotland?

Mr. AMERY: The campaign is being carried out in all the main industrial centres of Scotland as well as in England, and attention is drawn to the desirability of purchasing the produce of the home grower.

SMALL HOLDINGS, ROGART.

13. **Sir A. SINCLAIR** asked the Secretary of State for Scotland whether he is aware that a number of smallholders in the Parish of Rogart, in the County of Sutherland, have been upwards of 20 years applying in a constitutional manner for the enlargement of their holdings off the farm of Sciberscross; and whether, in view of the fact that a further application was submitted to the Board of Agriculture last year, he is yet in a position to state what action will be taken to obtain those enlargements for the applicants?

Major ELLIOT: My right hon. Friend is aware that for a considerable period there have been recurrent applications for enlargements from the farm mentioned. The farm is let on a 14 years' lease from Whit Sunday, 1926. Inquiry is being made into the question whether, having regard to considerations of cost and the other circumstances, a scheme of land settlement on this farm should be developed, but my right hon. Friend is not yet in a position to make a statement in the matter.

Sir A. SINCLAIR: Can my hon. and gallant Friend say when these inquiries are likely to be concluded, as they have been going on for a very long time?

Major ELLIOT: I cannot answer that question without notice.

COAL MINING INDUSTRY.

NATIONAL RESOURCES (SURVEY).

17. **Mr. G. HALL** asked the Secretary for Mines whether any further report may soon be anticipated from the Committee of the Physical and Chemical Survey of

[Mr. G. Hall.]

National Coal Resources; and what are the names of those serving on the Committee?

The **PRESIDENT** of the **BOARD of EDUCATION** (Lord Eustace Percy): I have been asked to reply. The hon. Member appears to be under a misapprehension as to the organisation of the Physical and Chemical Survey of the National Coal Resources, and I would refer him to the Annual Reports of the Fuel Research Board for 1924 and 1925 for full information on this point. There are at present six local committees for this survey, containing in all 56 members. To date particulars are contained in the Annual Report of Fuel Research Board for 1926, which will be published this week. This also contains a list of all publications of the Board. Reports on various details of the work are published as rapidly as they can be prepared; the ninth paper of the Survey Series is in the Press, and others are in an advanced stage of preparation.

OUTPUT.

19. **Mr. LEE** asked the Secretary for Mines whether he has figures showing how the output per man-shift in the coal mines where full time is being worked compares with the output where less than full time is being worked; and what is the amount of difference per man-shift thus caused in the output?

The **SECRETARY for MINES** (Colonel Lane Fox): No Sir, no such figures are available.

Mr. T. WILLIAMS: Cannot figures be obtained from the ascertainment which are published by each county month by month?

Colonel LANE FOX: No Sir, because this question asks for the details of individual collieries, which cannot be obtained.

Mr. WILLIAMS: Is the right hon. and gallant Member not aware that the Yorkshire ascertainment shows month by month the output per shift worked at the coal base and the output for the whole of the people working at the collieries, below the ground and on the surface; and can he not extract from those monthly publications the information sought for in this question?

Colonel LANE FOX: No Sir. The figures refer to the whole district, and this would involve dissecting the whole of the figures and taking out the details for each colliery.

Mr. WILLIAMS: May I ask whether the figures are not given for each individual colliery, or given for each county, and does not the right hon. and gallant Member think that the amount of work involved would be very light indeed, and that as this Government passed the Eight Hours Act we ought to know the actual output per man?

Colonel LANE FOX: I have nothing to add to what I have said. It would involve a great deal of work, and I do not think the results would be worth the labour involved.

Commander WILLIAMS: Would the ascertainment of these figures result in giving any man working in the mines a single day's work?

Mr. WILLIAMS: Is it not a fact that when the actual figures are known it will be better understood how many mine workers have been thrown out of work through this extra hour being added to the working day?

ORGANISATION.

44. **Mr. G. HALL** asked the Prime Minister if he is aware of the amount of distress in South Wales, especially in the Aberdare and Mountain Ash areas; that numbers of collieries are closing down, while others are working but a few days per week; and whether he can now state what steps the Government propose taking to deal with this situation?

Colonel LANE FOX: I have been asked to reply. I would refer the hon. Member to the reply which I gave on 23rd June to the hon. Member for Houghton-le-Spring (Mr. R. Richardson), to which I have nothing to add at present.

Mr. PALING: Can the right hon. and gallant Gentleman say whether the Government have considered dealing with this depression in the coal industry on the lines of last year by again increasing the hours of miners?

Colonel LANE FOX: No, Sir. No such suggestion has been made. I would

point out that the amount of unemployment has certainly not been made any worse by that. There are many cases where pits that are working longer hours now would certainly not be working at all if the hours had remained at seven and the cost of production had not been reduced.

Mr. T. WILLIAMS: Are the Government declining to take any steps at all to provide work for those who are out of work and the hundreds of thousands of miners who are on short time, neither of whom are receiving sufficient to live on? Are we to understand that the Government are simply doing nothing to provide these people with work?

Colonel LANE FOX: No, Sir. If the hon. Gentleman refers to the answer I gave some days ago he will see that is not the case.

Mr. BATEY: Cannot we be told to-day, in answer to this question, what steps the Government are taking now or are likely to take to relieve the depression?

Colonel LANE FOX: No, Sir. As I said in my answer, I have nothing to add to that statement.

Mr. WILLIAMS: Will the right hon. and gallant Gentleman tell the House whether the Government really are doing something to provide work for these people, and, if they are not, will he tell us why they are doing nothing?

Sir H. CROFT: Is it not a fact that the Coal Commission Report told us that the only way to improve employment and conditions was to see to the revival of the steel trade, and will the right hon. and gallant Gentleman consult with his colleagues to see what can be done to bring that about?

Mr. BATEY: What are you going to do about it?

16. **Sir A. SINCLAIR** (*for* **Sir ROBERT HUTCHISON**) asked the Secretary for Mines whether any action has been taken and, if so, what action, in consequence of the Reports of the Departmental Committee on Co-operative Selling in the Coal Mining Industry, 1926?

Colonel LANE FOX: I would refer the hon. and gallant Member to the answer given to a question by my Noble

Friend the Member for South Nottingham (Lord H. Cavendish-Bentinck) on 23rd June.

FUEL RESEARCH (QUESTIONS TO MINISTERS).

45. **Mr. FREDERICK HALL** asked the Prime Minister whether, in view of the growing importance of the question of research into the scientific treatment of coal, arrangements can be made for questions in the House on this subject to be replied to by the Secretary for Mines and not by the President of the Board of Education?

Viscount CURZON: I have been asked to reply. My right hon. Friend is informed by the Lord President of the Council that it is considered that one Minister should be responsible for answering all questions affecting the Department of Scientific and Industrial Research, whether they relate to fuel research or other matters, and that the President of the Board of Education is the Minister to whom this duty is assigned under the scheme, dated the 23rd July, 1915, for the organisation and development of scientific and industrial research (Cd. 8005). The Prime Minister regrets, therefore, that he cannot see his way to making the change suggested by the hon. Member.

Mr. PALING: In view of the inadequate answers given to questions on this subject by the Board of Education, is not this the time to increase the power of the Mines Department rather than to abolish the Department?

TRANSPORT.

MOTOR PASSENGER VEHICLES.

20. **Mr. LOOKER** asked the Minister of Transport whether he will consider the desirability of taking power to make Regulations limiting the size and passenger-carrying capacity of heavy motor vehicles carrying more than eight passengers; and, if so, what limitations are contemplated?

The MINISTER of TRANSPORT (**Colonel Ashley**): It is my intention to make in the near future an Order dealing with the construction of heavy motor cars. I propose to impose for the

[Colonel Ashley.]

first time general limitations upon overall length, and, in respect of four-wheeled public service passenger vehicles, to prescribe limits of laden weight lower than those now permitted for heavy motor cars generally. Seating capacity is indirectly controlled by the limitation of length, width and weight. The proposed Order covers a good deal of ground, and I cannot, therefore, go into details now, and must ask my hon. Friend to await the issue of the Order.

Mr. LOOKER: Does not my right hon. and gallant Friend think it desirable to indicate as soon as possible the nature of these Regulations, for public information and discussion?

Colonel ASHLEY: I quite agree. The Order will be issued without any avoidable delay.

Colonel WEDGWOOD: Will this only affect new vehicles, and not existing vehicles?

Colonel ASHLEY: Only new vehicles.

Mr. R. MORRISON: Will it affect the new type of six-wheeled omnibuses which are now running on the streets?

Colonel ASHLEY: I should have to have notice of that question.

Sir JOSEPH NALL: Will the proposal in regard to existing vehicles be worked over a term of years, and, in that case, can the Regulations relating to new vehicles be possibly more stringent than would otherwise be the case?

Colonel ASHLEY: I think it would be better to await the issue of the Order. If there be any specific point that my hon. Friend wants to raise, I shall be very glad to go into it.

Mr. THURTLÉ: Will the Order apply to ordinary commercial vehicles as well as to passenger-carrying vehicles?

Colonel ASHLEY: I really think it would be better if the House would await the issue of the Order. There are many very technical details, on which I should not like to answer off-hand.

Colonel DAY: In view of the great importance of this matter, could the right hon. and gallant Gentleman say when

the Order will be issued, so that all those interested could get to know the exact date?

Colonel ASHLEY: As soon as may be.

CHARS-A-BANCs (SPEED).

21. Mr. LOOKER asked the Minister of Transport whether, without waiting for the proposed Road Traffic Bill to become law, he will, in view of the rapidly-increasing danger to both passengers and the public arising from chars-a-bancs weighing upwards of six tons unloaded proceeding, with a full complement of passengers, at speeds of upwards of 40 and 45 miles an hour, bring in a short Bill to deal with this practice?

Colonel ASHLEY: The driving of motor coaches at the speeds referred to by my hon. Friend is an offence under the existing law, the enforcement of which is a matter for the police.

Mr. LOOKER: Has my right hon. and gallant Friend's attention been drawn to the recent case in which a char-a-banc loaded with passengers crashed into some level crossing gates, resulting in the death of two passengers; and that the Judge held that the evidence given by the passengers showed that the vehicle was travelling at an excessive speed; and does not my right hon. and gallant Friend think it desirable in the public interest to make Regulations or provisions regarding this great danger at an earlier date than will otherwise be the case?

Colonel ASHLEY: I have said in my answer that the law already deals with such excessive speed, and that it is for the police to take action as they think fit to control this excessive speed. Any further questions on this point should be addressed to my right hon. Friend the Home Secretary.

Mr. LOOKER: Is it not possible to draw the attention of the county police authorities to this very dangerous practice, with a view to putting a stop to it?

Mr. SPEAKER: That does not arise out of the question on the Paper.

Sir J. NALL: Does not the fact that the Ministry of Transport have no control over this question of speed rather

indicate that it is high time that the question of the public safety on the roads was placed under one Department only?

Colonel ASHLEY: Not at all. It is perfectly clear that, if a certain law is passed by this House at the instigation of the Ministry of Transport, it falls to the police to carry it out, as in the case of any other law.

Mr. THURTLÉ: Will the right hon. and gallant Gentleman, in considering these Regulations, bear in mind the fact that chars-a-bancs are used by the proletariat, and not by the plutocracy?

ACCIDENTS.

22. **Colonel DAY** asked the Minister of Transport whether his attention has been drawn to an accident which happened on Handerss Hill, on the Brighton Road, on Saturday, 25th June, in which the steering gear of a motor coach gave way and the brakes refused to act, causing several serious injuries; whether he has received any reports from the inspectors of his Department on this accident; and will he consider the introduction of legislation that will ensure public conveyances of this kind being periodically examined?

Colonel ASHLEY: My attention has been drawn to the accident referred to by the hon. Member, and I am obtaining a report on it from one of my officers. The draft Road Traffic Bill which I circulated some time ago provides for an original certification and for periodical examination of public service vehicles.

Colonel DAY: In view of the large number of accidents, cannot the right hon. Gentleman use his good offices with the Prime Minister to see that facilities are given to get that Bill through more quickly?

Colonel ASHLEY: The hon. Gentleman knows as well as I do the state of public business, and the difficulty of keeping Members in August.

24. **Mr. RAMSDEN** asked the Minister of Transport whether he has received any information regarding the motor accident which took place last week on the Cobham Road where 15 persons were injured; and the time that elapsed before the injured persons received any treatment?

The UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking): I have been asked to reply to

this question. I have seen a full report from the police on the accident, but, as the coroner's inquest is still proceeding, I think it will be better for me to refrain from making any statement.

Mr. RAMSDEN: If I put the question down again in a week's time, will my hon. and gallant Friend be able to give the information?

Captain HACKING: I hope so, if the proceedings have terminated.

CANNOCK CHASE COLLIERIES LIGHT RAILWAY ORDER.

25 and 26. **Mr. W. M. ADAMSON** asked the Minister of Transport (1) whether he can now state his reason for refusing the Cannock Chase Collieries Light Railway Order, in view of the need of further facilities for rail transport to deal with approximately 6,000,000 tons of coal per year from this area;

(2) whether he consulted the Secretary for Mines prior to refusing his sanction for the Cannock Chase Collieries Light Railway Order?

Colonel ASHLEY: The Mines Department was not consulted in the matter. My decision was based on the consideration of the Report of the public Inquiry held at Wolverhampton on the 15th, 16th and 17th March last, in the course of which evidence was given both for and against this application. My conclusion was that a sufficient case had not been made out to justify me in granting the Order.

Mr. ADAMSON: Is not the right hon. and gallant Gentleman aware that the only opposition to this Measure was from a competing railway company, which has not yet carried out Orders it has had in hand for many years?

Colonel ASHLEY: I cannot agree with the view put forward by the hon. Member in his Supplementary Question. After very careful consideration, I felt that I could not take upon myself the responsibility of making that Order. As the hon. Member knows, if the promoters wish to proceed with the matter, it is open to them to proceed by Private Bill in Parliament.

Colonel WEDGWOOD: Meanwhile, all these people will be out of work.

DANGEROUS DRIVING.

36. **Sir H. BRITTAIN** asked the Secretary of State for the Home Department whether, in addition to the suspension of a driving licence any other punishment for dangerous driving, he will also consider taking powers to deprive the offending driver of the use of his car for a specific period of time?

Colonel ASHLEY: I have been asked to reply. I am afraid I could not be responsible for proposing legislation on these lines.

Sir H. BRITTAIN: Is it not a fact that when the road hog of to-day loses his licence it does not prevent him from driving about in a machine. Would not the fact that his car was taken from him for two months bring it home far more vividly to the man who is a dangerous driver than losing his licence?

ELECTRICITY BOARD (CONDITIONS OF APPOINTMENT).

23. **Mr. HARDIE** asked the Minister of Transport if his attention has been called to the acceptance by a member of the Electricity Board of a directorship in a company whose interests and profits are dependent upon such schemes as the electricity scheme; and whether he proposes to take any steps in the matter?

Colonel ASHLEY: The conditions under which the members of the Central Electricity Board may be appointed and may act are laid down in Section 1 of the Electricity (Supply) Act, 1926, and I know of nothing that would warrant intervention on my part in connection with any such case as the hon. Member appears to have in mind.

Mr. HARDIE: Was it not definitely understood, in Committee on the Bill, that anyone taking any part as a member of the Board would not in any way be connected directly or indirectly with anything having any connection with the production of electric power in this country?

Colonel ASHLEY: No; that only applies, if my recollection serves me, to the Chairman. In the case of a member of the Board, he would have to disclose any interest he had in a company if any operations of the Board were undertaken in connection with that company.

Mr. HARDIE: Is it not a fact, and within the memory of the Minister, that when this question of members apart from the Chairman of the Board was raised, it was agreed that no one would, directly or indirectly, have anything in the nature of an interest in any company that operated in the direction of the production of electricity?

Colonel ASHLEY: No; what was agreed was the decision to which the Committee came.

POST OFFICE.

TELEGRAPH SYSTEM (ESTIMATED LOSS).

27. **Mr. W. BAKER** asked the Postmaster-General whether, in estimating the aggregate loss on the telegraph system since the date of the transfer of the telegraph service to the State, his Department has taken into account the value of the capital effects; and the estimated values of the buildings and plant at present in the possession of the telegraph section of his Department and the extent to which such effects can be set off against the estimated aggregate loss?

The **POSTMASTER-GENERAL** (Sir William Mitchell-Thomson): The figure of aggregate loss given to my hon. Friend the Member for Wimbledon (Sir J. Power), in my reply to his question of 11th May, was arrived at after allowing for the value of capital still represented by assets; in other words, it gave the cumulative net loss on capital account and operating account combined. The buildings sites and plant proper to the telegraph service stood in the books as at 31st March, 1926, at £8,700,000, but this sum cannot properly be set off against the estimated aggregate loss.

TELEGRAPHIC FACILITIES, EAST HULL.

28. **Mr. LUMLEY** asked the Postmaster-General what steps he proposes to take to increase the telegraphic facilities in East Hull?

Sir W. MITCHELL-THOMSON: I propose to afford facilities for handing in telegrams at the East Park post office; but, as the provision of a new line will probably be involved, I am afraid some little time must elapse before the facilities are available.

TELEPHONE DEVELOPMENT.

29. **Sir JOHN POWER** asked the Postmaster-General whether and, if so, to what extent, the development of the telephone service has been delayed by delays in the erection of exchange buildings; and when he expects the arrears will be overtaken?

Sir W. MITCHELL-THOMSON: There have been a few cases in which building delays in the past have been a factor in retarding telephone development, but I am glad to say that, with the gradual disappearance of the difficulties due to the industrial troubles of last year, arrears are being steadily overtaken.

Mr. H. WILLIAMS: Have there been any other delays in telephone development—delays due to change in policy?

Sir W. MITCHELL-THOMSON: I do not think I could say that there have been.

Mr. WILLIAMS: Not due to shortage of money?

TELEPHONE SERVICE.

30. **Sir HARRY BRITAIN** asked the Postmaster-General what is the number of men exclusively engaged by his Department in canvassing for the telephone service; and is any payment by results added to their salary?

Sir W. MITCHELL-THOMSON: As I informed my hon. Friend on 28th June, the canvassing staff consists at present of rather over 400 officers, who are employed chiefly in canvassing for new business, but also share in the work involved by removals and cessations. They receive in addition to salary a commission on new orders obtained as a result of their personal efforts.

Sir H. BRITAIN: What is the amount of commission on each order obtained?

Sir W. MITCHELL - THOMSON: Approximately 2s. for a new line and a shilling for an extension.

Sir H. BRITAIN: Does the right hon. Gentleman think this number is anything like sufficient to deal with the whole country?

Sir W. MITCHELL-THOMSON: I think in the present state of plant and development it is ample.

EAST AFRICA (FEDERATION).

33. **Colonel WEDGWOOD** asked the Secretary of State for the Colonies whether he can give an assurance that any federation of East Africa will be submitted to this House in the form of a Bill, in view of the importance of such a step to the future of the native inhabitants?

Mr. AMERY: Pending a decision as to policy, it would be premature to consider the question of procedure.

Colonel WEDGWOOD: May we have it from the right hon. Gentleman that if any such big change of policy takes place it would not be by Order-in-Council, but would be similar to the Federation of South Africa or Canada and passed through this House?

Mr. AMERY: It need not necessarily be similar to those. It might be more similar to the Union of the two Nigerias. I should have to wait for the definite recommendation.

Colonel WEDGWOOD: Am I not right in saying the Union of the two Nigerias was done by Order-in-Council and not through the House of Commons? What I am anxious to ascertain is whether the right hon. Gentleman contemplates passing this Federation in East Africa through the House or by the act of his own Department.

Mr. AMERY: My answer was that I should like, first of all, to see what policy is proposed before I decide what is the best way to carry it out.

SINAI MILITARY RAILWAY.

34. **Colonel WEDGWOOD** asked the Secretary of State for the Colonies whether he will give assurances that the Palestinian railway from the canal to the frontier will not be handed over to other management without the House of Commons being consulted in the matter; and whether the Palestinian administration favours such a transfer?

Mr. AMERY: I take the question to refer to the Sinai military railway, which lies outside Palestine territory though it is maintained and operated for the present by the Palestine railway administration on behalf of His Majesty's

[Mr. Amery.]

Government. I am not in a position to make a statement on the subject raised in the question.

Colonel WEDGWOOD: Can the right hon. Gentleman answer the last part of the Question, whether the Palestinian administration favour such a transfer?

Mr. AMERY: Not as far as I am aware.

Colonel WEDGWOOD: Has the right hon. Gentleman initiated these proposals from this side?

Mr. AMERY: No, I have initiated no proposals. The right hon. Gentleman has initiated some.

Colonel WEDGWOOD: Then are we to understand that there are no such proposals in being at present?

Mr. AMERY: I am not aware of any proposals. Of course, the terms under which a railway is operated on Egyptian territory are a matter which both Governments can raise if they want to, but, as far as I am concerned, I am not initiating any proposals.

EMPIRE COTTON (ACREAGE).

35. **Sir J. POWER** asked the Secretary of State for the Colonies how the total acreage in the Empire, except in India, devoted to the growing of cotton during the present year compares with that of the last two years?

Mr. AMERY: I regret that so far as the Colonies and Protectorates are concerned, it is not possible to give statistics of total average under cotton cultivation. In the Tropical African Dependencies, by far the greater part of the cotton is grown by native Africans on their own smallholdings, and as the natives are continually moving from place to place, the acreage under cultivation is constantly changing.

HOUSES OF PARLIAMENT (PAINTINGS).

42. **Mr. LAWSON** asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether the picture depicting the Speaker being held down in the Chair, formerly hung in St. Stephen's Hall, is now to remain permanently in

Committee Room 14; and whether it is possible to find a more public place for this picture?

Captain HACKING (for The FIRST COMMISSIONER of WORKS): The answer to the first part of the question is in the affirmative. My Noble Friend regrets he is unable to find a more public place for this picture.

Mr. LAWSON: Are there not pictures in public places of much less historic value but more esteemed by the House and the public? Would not an exchange of such pictures be possible?

Captain HACKING: If anyone has any suggestions to make, my noble Friend will give them every sympathetic consideration.

Sir J. NALL: Might not the pictures displaced from St. Stephen's Hall very well be placed in Westminster Hall, particularly the one of the Unknown Warrior?

Captain HACKING: No, Sir. I think there was a general expression of disapproval of pictures being put in Westminster Hall.

Mr. JOHNSTON: Will the right hon. Gentleman not consider substituting for the unfinished picture of the recipient of backsheesh, which has now crept in St. Stephen's Hall, this picture which has been taken away?

Captain HACKING: I think I answered that question rather fully a few days ago, and I have no addition to make to the answer I have given.

Mr. JAMES BROWN: Is not this a rare opportunity to get rid of this disgraceful picture and put something in its place which would be more true to history than it is?

Mr. MacLAREN: Will the Department responsible for these pictures take more into review the diabolical paintings that are now being allocated to it, and see to it that before any painting is placed in this building it shall be worthy as a work of art?

Captain HACKING: If the hon. Member was referring to the pictures just placed in St. Stephen's Hall—

Mr. MacLAREN: No, No!

Captain HACKING: I think they are works of art. As far as the question of the hon. Member for South Ayrshire (Mr. J. Brown) is concerned, he does not seem to think that this picture is true to history.

Mr. BROWN: Too true. The disgrace about it is that it is true to history.

Captain HACKING: The hon. Member who asked me a question two days ago said it was not true to history.

Mr. JOHNSTON: No, I did not. I said nothing of the sort. I said the episode chosen for this picture was a national insult and a humiliation because it was true.

Captain HACKING: The hon. Member said that actually money passed—

Mr. JOHNSTON: Yes.

Captain HACKING: — but it is not shown in the picture.

Mr. MacLAREN: On a point of explanation. What I put as a Supplementary Question was not a reflection on the paintings now in the New Central Hall. But paintings have been removed from the Central Hall which from the point of view of art were really a disgrace to the building.

AGRICULTURE.

WAGES (REGULATION) ACT (PROSECUTIONS).

31. **Mr. BUXTON** asked the Minister of Agriculture if he will give the number of prosecutions that have been instituted by the Ministry under the Agricultural Wages (Regulation) Act, 1924; the amount of fines imposed; and the total amount of wages recovered?

Captain Viscount CURZON (Lord of the Treasury): I have been asked to reply. The number of prosecutions which have been instituted under the Agricultural Wages (Regulation) Act, 1924, up to the present date is 176, as a result of which fines amounting to £554 have been inflicted and £3,234 in arrears of wages have been recovered on behalf of the workers concerned.

Mr. T. WILLIAMS: How many of these cases were found directly by the inspectors and how many were sent along to the Department by trade unions?

Viscount CURZON: I must have notice of that question.

NERVOUS DISEASES (VACCINE LYMPH).

37. **Colonel DAY** asked the Minister of Health whether he will publish the full Reports of the Committee of inquiry which inquired into post-vaccinal encephalitis appointed by his Department at the end of 1924?

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): I assume that the hon. Member is referring to the Committee appointed by one of my right hon. Friend's predecessors in 1923. The Terms of Reference of that Committee were limited to the consideration of the question whether any further experimental research could be initiated to throw light on the possibilities of vaccine lymph producing nervous diseases as a complication of vaccinia. The Committee recommended that further research was desirable and their report was referred to and is under the consideration of, the Committee on Vaccination which is now sitting. In these circumstances, my right hon. Friend does not propose to consider the question of publishing the Report of the Committee appointed in 1923 until he has received a Report from the present Committee.

Colonel DAY: Is the hon. Gentleman aware that this is referred to rather extensively on the Continent, and, if that be so, does he not think it would be better to publish a report in this country?

Sir K. WOOD: I think the hon. and gallant Gentleman had better wait and see what the Sub-committee do.

HOUSING.

WESTMINSTER.

38. **Mr. BUXTON** asked the Minister of Health whether his attention has been drawn to the problem of housing conditions in Westminster; and what steps the local authority are taking in order to alleviate the distress caused by these conditions?

Sir K. WOOD: My right hon. Friend's attention has from time to time been

[Sir K. Wood.]

drawn to the housing conditions in Westminster. The city council have completed 40 tenements and have under construction a further 118 flats. It is understood that they have also accepted an offer from the London County Council for the allocation to Westminster families of 50 houses on the county council's estate at Hammersmith. The high cost of land in Westminster materially increases the difficulty of providing housing accommodation in the City at a reasonable rent, and there is no doubt that relief for the overcrowded population of Central London must come, in the main, from the large building schemes of the London County Council.

Mr. BUXTON: Will the Minister, if necessary, use his powers to stimulate further action by the local authorities in view of the intolerable conditions revealed by this survey?

Sir K. WOOD: I think the Westminster Council, at any rate, is using a good many endeavours. I have said we must look, so far as housing conditions in Westminster are concerned, more to the London County Council.

Sir ROBERT THOMAS: Will the hon. Gentleman make inquiries as to the reason for the high cost of building in Westminster?

Sir K. WOOD: That is another matter altogether.

Mr. THURTLÉ: Is the hon. Gentleman aware that, bad as housing conditions are in Westminster, they are even worse in Shoreditch?

Sir K. WOOD: Improvement is steadily being made in all parts of London.

Colonel DAY: Will the hon. Gentleman use his good offices to persuade the London County Council to build 100 instead of 50?

Sir K. WOOD: I have no reason to think the London County Council are not alive to the necessity of the case.

ISLE OF WIGHT.

39. Mr. LAWSON asked the Minister of Health how many houses for the working classes in each of the parishes

of the rural district of the Isle of Wight were on 30th June, 1927, not in all respects fit for habitation; how many such houses were actually unfit for habitation; how many houses for the working classes are in the opinion of the medical officer of health for that rural district required to take the place of houses actually unfit for habitation or so out of repair as not to be worth repairing; how many closing orders and repairing notices were during the 12 months ended on that date recommended by the medical officer, and how many were issued by the local authority; in how many cases repairing notices have been complied with and how many closing orders determined in that period; how many closing orders and repairing notices have been enforced; how many inspections under Section 8 of the Housing Act, 1925, have been carried out in that period; and how many working-class houses have during each of the three years ended 30th June, 1925, 30th June, 1926, and 30th June, 1927, respectively, been rendered in all respects reasonably fit for habitation pursuant to orders, notices, or other representations of the local authority?

Sir K. WOOD: I have asked the local authority to furnish, as far as possible, the information which the hon. Member desires, and will communicate with him when I have received a reply from them.

UNEMPLOYMENT (SOUTHWARK).

40. Mr. NAYLOR asked the Minister of Labour if he will state the number of vacancies notified to the Newington (Walworth Road) Employment Exchange during the three months ending May, and the proportion of these received through the Southwark Borough Council and Board of Guardians, respectively?

Mr. BETTERTON: During the period of 13 weeks ended 23rd May, 1927, 2,769 vacancies for employment were notified to the Borough Employment Exchange. Of this number, four were notified by the Southwark Borough Council and one by the Southwark Board of Guardians.

Colonel DAY: In view of the great number the Minister mentioned for Southwark, in a previous reply, can he say whether anything will be done to try to relieve unemployment in that

LEAGUE OF NATIONS (ARMENIAN REFUGEES).

46. **Mr. BUXTON** asked the Prime Minister to state the attitude of His Majesty's Government towards the League of Nations refugee settlement plan in Syria, for which voluntary financial support is invited from the public?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): I have been asked to reply. While His Majesty's Government are not prepared, for the reasons explained in the reply to the right hon. Gentleman on the 18th of May, to consider a grant from public funds, the effort to secure the re-settlement of the Armenians in French Syria or elsewhere appears to them to be an eminently deserving object for private charity.

BETTING DUTY.

47. **Colonel DAY** asked the Chancellor of the Exchequer what has been the cost to the State of collecting the Betting Duty to the most convenient recent date; how many additional civil servants have been engaged in order to carry out the work of collection; and what percentage of the total revenue derived from the tax has been expended in the cost of its collection?

Mr. R. McNEILL: The information asked for in the first part of the question is not available. For the rest, the position remains substantially as stated in my right hon. Friend's reply to the hon. Member for Huddersfield (Mr. J. Hudson) on the 22nd February last.

Colonel DAY: Can the right hon. Gentleman say whether there is much of a surplus over the cost of collection?

Mr. McNEILL: Oh, yes; a very large surplus.

SAFEGUARDING OF INDUSTRIES.

3. **Major Sir ARCHIBALD SINCLAIR (for Mr. FENBY)** asked the President of the Board of Trade if he is aware that the exemption orders applied for last year under Section 10 (5) of the Finance Act, 1926, in respect of hydroquinone, and lactic acid B.P., being pro-

ducts liable to duty under Part I of the Safeguarding of Industries Act, 1921, have not yet been issued; that his Department are refusing to issue these exemption orders although the products in question are still not made in His Majesty's Dominions and that, in consequence, hospitals and other consumers of these products which have to be imported are compelled to pay at least one-third more than would otherwise be the case; and will he take steps to issue the exemption orders in question forthwith?

Sir P. CUNLIFFE-LISTER: An exemption order regarding hydroquinone was issued by the Treasury on 23rd June. Preparations for the manufacture in this country of B.P. lactic acid are well advanced, and the conditions for exemption laid down in Section 10 (5) of the Finance Act, 1926, are not therefore satisfied.

BRITISH ARMY (MECHANICAL TRANSPORT).

10. **Sir J. NALL** asked the Secretary of State for War whether it is the intention of the Army Council to transfer the supply and maintenance of mechanical transport from the Royal Army Service Corps to the Royal Army Ordnance Corps; and, if so, whether the personnel now engaged will be transferred or whether new personnel will be established by the Royal Army Ordnance Corps?

Commodore KING: I have under consideration a proposed redistribution of duties in relation to mechanical transport, but am not yet in a position to make any detailed statement.

Sir J. NALL: Can my hon. and gallant Friend say whether the policy adopted in recent years by the Army Service Corps will be continued and that there will be no break of continuity in this direction?

Commodore KING: I have just said that it is impossible to make any detailed statement.

PRIVATE BILLS [Lords]

(Standing Orders not previously inquired into complied with).

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the

case of the following Bill, originating in the Lords, and referred on the First Reading thereof, the Standing Orders not previously inquired into, and which are applicable thereto, have been complied with, namely:—

Scarborough Gas Company (Consolidation) Bill [*Lords*].

Bill to be read a Second time.

(No Standing Orders applicable).

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bill, originating in the Lords, and referred on the First Reading thereof, no Standing Orders are applicable, namely:—

Bury Estate Bill [*Lords*].

Bill to be read a Second time.

(Standing Orders not previously inquired into not complied with.)

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bill, originating in the Lords, and referred on the First Reading thereof, the Standing Orders not previously inquired into, and which are applicable thereto, have not been complied with, namely:

Mersey Tunnel (Birkenhead Entrance, etc.) Bill [*Lords*].

Report referred to the Select Committee on Standing Orders.

PROVISIONAL ORDER BILLS [*Lords*].

(Standing Orders applicable thereto complied with.)

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bills, brought from the Lords, and referred on the First Reading thereof, the Standing Orders which are applicable thereto have been complied with, namely:

Ministry of Health Provisional Order Confirmation (Conway Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (Hove Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (New Sarum Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (Newcastle - under - Lyme Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (Wokingham Extension) Bill [*Lords*].

Ministry of Health Provisional Orders Confirmation (No. 9) Bill [*Lords*].

Bills to be read a Second time Tomorrow.

(No Standing Orders applicable.)

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bill, brought from the Lords, and referred on the First Reading thereof, no Standing Orders are applicable, namely:

Ministry of Health Provisional Orders Confirmation (No. 6) Bill [*Lords*].

Bill to be read a Second time Tomorrow.

MESSAGE FROM THE LORDS.

That they have agreed to,—

Amendments to—

Aberdare Urban District Council Bill [*Lords*], without Amendment.

PRIVATE LEGISLATION PROCEDURE (SCOTLAND) ACT, 1899.

The CHAIRMAN OF WAYS AND MEANS reported, That, after conferring with the Chairman of Committees of the House of Lords, for the purpose of determining in which House of Parliament the respective Bills introduced pursuant to the provisions of the Private Legislation Procedure (Scotland) Act, 1899, should be first considered, they had determined that the following Bill should originate in the House of Lords, namely:—

Scottish Insurance Companies (Superannuation Fund) (Substituted Bill).

Report to lie upon the Table.

WRITTEN ANSWERS.

COAL MINING INDUSTRY.

EXPORTS (FRANCE).

Mr. POTTS asked the Secretary for Mines the amount of coal exported from Great Britain since the French licensing scheme was brought into operation; and the amount exported during an equal period of time immediately prior to that date?

Sir P. CUNLIFFE-LISTER: The French scheme for licensing coal imports came into force on 10th June, but figures of our coal exports are not available for periods shorter than calendar months. In May, our exports of coal consigned to France amounted to 835,000 tons and in June to 717,000 tons. The corresponding figures for May and June, 1925, were 884,000 tons and 711,000 tons, respectively.

WINDING ACCIDENTS.

Colonel DAY asked the Secretary for Mines whether he has received any Reports of recent cases of accidents in mines caused through the cage having crashed; and will he give particulars?

Colonel LANE FOX: During the six months ended 30th June last, there were six winding accidents in which the cage struck the shaft bottom. These accidents caused two deaths (both in the same accident) and injuries to 34 persons.

GOVERNMENT DEPARTMENTS (TYPISTS, BOARD OF TRADE).

Mr. VIAN asked the President of the Board of Trade what is the number of temporary staff employed in the Bankruptcy Department and Mercantile Marine Department of the Board of Trade, and attached to salaried official receivers, High Court, in each of the following grades: Grade 1 clerk shorthand-typists, Grade 2 clerk shorthand-typists, Grade 1 clerk-typists, Grade 2 clerk-typists?

Sir B. CHADWICK: The numbers and gradings of the temporary clerk shorthand-typists and temporary clerk-typists employed in the Bankruptcy (High Court) Department of the Board are as follow:

Temporary Clerk Shorthand Typists.		Temporary Clerk Typists.	
Grade I.	Grade II.	Grade I.	Grade II.
1	2	1	1

There are no temporary clerk shorthand-typists, or temporary clerk-typists employed in the Mercantile Marine Department.

DOGS (URBAN AREAS).

Sir G. COURTHOPE asked the Minister of Health whether his attention has been called to the increase in the number of dogs in urban areas and the consequent fouling of pavements and other public places; and whether he contemplates taking steps to reduce the number of dogs kept in towns in the interests of cleanliness and the public health?

Sir W. JOYNSON-HICKS: Yes, Sir. My attention was recently drawn to the increase in the number of dogs in London, and many local authorities have complained of the fouling of pavements. But any proposal to reduce the number of dogs would require legislation, and I am not sure that this would be supported by public opinion.

FOOD ADULTERATION (PROSECUTIONS).

Colonel DAY asked the Minister of Health the number of prosecutions that have been instituted by his Department or by the inspectors under his control against persons for the adulteration of food for the 12 months ended to the last convenient date?

Mr. CHAMBERLAIN: Prosecutions in respect of the adulteration of food are not instituted by my Department, but by local authorities and their officers. I am not in a position to state the total number of prosecutions undertaken in any period, but the reports which are sent to my Department show that the number of samples of food taken in England and Wales during the 12 months ending the 31st December, 1926, was 120,617, and that 7,044 of these (or 5·8 per cent.) were found to be adulterated.

ROADS (COUNTY RATES).

Sir A. KNOX asked the Minister of Transport what was the average county rate per £ for the maintenance of all roads in the county area in the financial year 1926-27, which county had the highest rate for road maintenance, and what was that rate?

Mr. CHAMBERLAIN: I have been asked to reply. The expenditure of a county council on the maintenance of roads is not met out of the proceeds of a separate rate but out of the county fund, into which are paid rates, grants in aid of rates (e.g., the grants under the Agricultural Rates Acts), grants in aid of specific services (e.g., the grants out of the Road Fund), and receipts (e.g., rents, fees), from sources other than rates and grants. In these circumstances, it is not practicable to state precisely the amount of the county councils' expenditure on roads which is met from rates alone. It is estimated that in the year 1924-25 (which is the latest for which complete information is available) that if the current expenditure of the county councils on highways and bridges, so far as it was met out of an aggregate comprising rates, grants (not allocated to specific services) in aid of rates, and miscellaneous receipts (not allocated to specific services), had been met out of rates alone, the average amount, per pound of the reduced assessable value of the counties of England and Wales, other than London, which would have been required to meet that expenditure would have been approximately 1s. 6½d., and that the highest corresponding amount for any county would have been 4s. 9d., for the County of Huntingdon. These amounts include charges for maintenance and repair, and for improvement and enlargement, so far as not met out of capital, and also include interest on loans and provision for repayment of loans.

MOTOR TRAFFIC (OPEN EXHAUST).

Sir R. THOMAS asked the Minister of Transport whether, in view of the fact that it is now possible to obtain efficient motor exhaust silencers, which give a high degree of silence with a minimum of back pressure, he will introduce legislation to enforce the universal use of such silencers, with the object of checking the constant increase in the noise of urban traffic?

Colonel ASHLEY: The Motor Cars (Use and Construction) Amendment Order (No. II), 1912, prescribes that a silencer, expansion chamber or other contrivance must be used upon a motor vehicle, suitable and sufficient for reducing, as far as may reasonably be practicable, the noise which would otherwise be caused by the escape of the exhaust gases. The enforcement of the law is a matter for the police. In this connection I would draw the hon. Member's attention to the answer given by my right hon. Friend the Home Secretary on 17th March in reply to a question by my hon. Friend the Member for the Acton Division (Sir H. Brittain).

TRANSPORT (RAILWAY WAGONS).

Sir R. THOMAS asked the Minister of Transport (1) how far coal wagons of small capacity and various types have been discarded in favour of standard pattern 20-ton wagons since the findings of the Samuel Commission on the advantages of the latter type of wagon;

(2) how far railway ownership of coal wagons has superseded private ownership since the findings of the Samuel Commission on the advantages of the former system?

Colonel ASHLEY: The latest available figures are for the 31st December, 1926, and at that date the stock of railway-owned standard gauge wagons in Great Britain allocated specially to mineral traffic, compared with the position at the 31st December, 1925, was as follows:

Capacity.	Increase (+) or Decrease (—), 1926, compared with 1925.	
	Number.	Per Cent.
Under 12 tons ...	— 3,854	— 4·8
12 tons ...	+ 4,905	+ 11·3
Over 12 tons and		
under 20 tons	— 521	— 1·8
20 tons and over	+ 110	+ 0·5
	+ 640	+ 0·4

The corresponding increase in the total tonnage capacity was 19,127 tons, or 0·9 per cent.

Particulars are not available of the number of privately-owned coal and coke wagons withdrawn from traffic during

1926, but the new wagons registered for private owners by the railway companies during the year included the following vehicles for the conveyance of coal and coke:

	Number.
Under 12 tons ...	Nil
12 tons ...	6,043
20 tons ...	215

	6,258

I have no information as to the number of privately-owned coal wagons in service at the date on which the Report of the Royal Commission on the Coal Industry (1925) was issued, or as to the number in service at the present time, and I am therefore unable to say how far railway-ownership of such wagons has superseded private ownership.

AIR MAILS.

Colonel DAY asked the Postmaster-General the approximate number of letters and parcels that have been forwarded through the General Post Office by air mail for the 12 months ended to the last convenient date?

Sir W. MITCHELL-THOMSON: The total numbers of letters and parcels posted in this country for air mail transmission during the year ended the 31st March last were approximately as follow: 162,000 letters (including about 48,000 for the Cairo-Baghdad Air Mail service). 8,200 parcels.

AGRICULTURE.

BARLEY (PRICE).

Major BRAITHWAITE asked the Minister of Agriculture, in view of the fact that imported barley was sold last year at 2s. per cwt. below the home-produced crop, and that responsible agricultural authorities have stated that in this country all farmers who grew barley last season made a loss of 10s. per acre, if he will say if the Government propose to take any action?

Viscount CURZON: My right hon. Friend has every sympathy with those British barley growers whose last crop was unprofitable, but there are large

numbers of farmers who desire to obtain barley as cheaply as possible for feeding purposes, and any action to increase the price received by the barley grower would not be welcomed by farmers why buy barley as a feeding stuff. My right hon. Friend therefore considers that it would not be in the best interest of British farming as a whole that the Government should take action in the case of barley growers alone.

HOME-GROWN PRODUCE.

Major BRAITHWAITE asked the Prime Minister, in order to safeguard the standard of living of the farm worker and to save the agricultural industry from financial bankruptcy, if he will consider the provision of legislation to ensure that all manufacturers and dealers in food should use an agreed percentage of home-grown produce?

Viscount CURZON: I have been asked to reply on behalf of the Minister of Agriculture. My right hon. Friend is afraid that my hon. and gallant Friend's proposal is impracticable.

WILD BIRDS PROTECTION.

Sir R. THOMAS asked the Minister of Agriculture whether, in view of the economic value of many wild birds which feed upon insects and small mammals inimical to agriculture, he will set up an inquiry with the object of introducing legislation for the protection of all wild life which in this way helps to keep down agricultural pests?

Mr. GUINNESS: I am not quite clear what kind of inquiry the hon. Member desires to suggest. Legislation for the protection of wild birds is in existence and a Bill for consolidating and strengthening the present Acts is now before this House, and will, I hope, be passed into law during this Session. I may mention also that an Advisory Committee has been set up by the Home Office to advise on all matters relating to the protection of wild birds, which meets periodically and is available to consider any questions that may be brought before it. If the hon. Member has in mind any points to which he thinks special attention should be directed, I shall be happy to consult with the Home Secretary about them. As regards other forms of wild life, I will consider the question of a special inquiry.

ORDERS OF THE DAY.

FINANCE BILL.

Further considered in Committee.
[*Progress, 4th July.*]

[Mr. JAMES HOPE in the Chair.]

POSTPONED CLAUSE 46.—(*Transfer of sum from Road Fund to Exchequer.*)

The CHAIRMAN: Sir Robert Sanders.

Lieut. - Commander KENWORTHY: On a point of Order. Is it intended to have a general discussion on the Amendment which is to be moved by the right hon. Baronet the Member for Wells (Sir R. Sanders)—in page 34, line 36, at the beginning to insert the words "On the first day of January, nineteen hundred and twenty-eight"?

The CHANCELLOR of the EX-CHEQUER (Mr. Churchill): On that point of Order. It would be more convenient to have a general discussion upon the next Amendment—in page 34, line 39, after the word "representing," to insert the words "twenty-five per cent. of"—which raises a much larger issue.

The CHAIRMAN: Does the right hon. Gentleman mean the next Amendment—in page 34, line 36, to leave out the words "in accordance with the directions of the Treasury"—or the Amendment standing in the name of the right hon. Member for Central Edinburgh (Mr. W. Graham)—after the word "representing" to insert the words "twenty-five per cent. of."

Mr. CHURCHILL: I mean the Amendment standing in the name of the right hon. Member for Central Edinburgh.

The CHAIRMAN: Any general discussion upon any Amendment can only be by the general consent of the Committee. I do not know whether it makes very much difference, but in some ways, perhaps, it is more convenient to take the general discussion on the first Amendment.

Sir ROBERT SANDERS: May I suggest that it would be better to take the general discussion on the first Amend-

ment, because if it is spread over three Amendments there is bound to be a certain amount of repetition.

Mr. SNOWDEN: In my opinion, it would be better to take the general discussion upon the first Amendment. If you rule strictly upon the first Amendment, the discussion would be very restricted and limited, because it simply raises the question of the date when the raid on the Road Fund shall come into operation.

Mr. CHURCHILL: As you have said, Mr. Hope, it is only by the general consent of the Committee that we can take a general discussion on any of these Amendments. When a general discussion is raised on an Amendment which raises a very small point and there are other Amendments later which raise the whole question, what happens is that we have a long general discussion upon a purely formal Amendment, and afterwards we have a general discussion on each of the Amendments which raise the topic.

Mr. LLOYD GEORGE: I am not sure that the Chancellor of the Exchequer is quite right there. I think there is a good deal to be said for the suggestion put forward that we could raise the whole issue upon the first Amendment, which, I understand, is to postpone the operation of the Clause.

Sir R. SANDERS: Yes.

Mr. LLOYD GEORGE: That raises the whole issue, if you would permit us to range generally. I have an Amendment down—in page 34, line 39, after the word "representing," to insert the words "half of," but I should not think of repeating my observations. I am not sure whether it would be in order on the Amendment standing in the name of the right hon. Member for Central Edinburgh to do so; but assuming it to be in order, I should not think of repeating the same observations. I should crave leave to make my statement in opposition to the proposal of the Chancellor of the Exchequer in the general Debate which would be raised on the first Amendment. Otherwise, we shall have a very truncated and mutilated discussion. We are bound, more or less, to discuss the merits upon the proposal of the right hon. Member for Wells; but

if we were strictly limited to the point raised in that Amendment, it would be a very unsatisfactory Debate. I should have thought that to have a general Debate on the first Amendment, would have the effect of limiting the Debate afterwards.

Mr. CHURCHILL: I entirely agree with what my right hon. Friend has just said, that it is for the advantage of the Committee to use some particular Amendment to deal with the real issue, but I am bound to examine the proposals because they can only be examined by general agreement from the point of view of ensuring that when there has been a thorough and prolonged discussion perfectly free and unlimited on some particular point, it is the general understanding that the other Amendments shall be dismissed as speedily as possible, having regard to any special point which they may raise.

The CHAIRMAN: If I am asked to rule on the point of Order, I should say that we cannot, unless everybody agrees, have a general discussion upon any of the Amendments, and, in that case, it would have to take place on the question "That the Clause stand part of the Bill." If it would meet the wishes of everyone, we might have a general discussion, say, on the first Amendment, and then, when we come to the Amendment standing in the name of the right hon. Member for Central Edinburgh, we might have a Division, if so desired.

Mr. CHURCHILL: That would be quite agreeable to the Government.

Sir R. SANDERS: I beg to move, in page 34, line 36, at the beginning, to insert the words,

"On the first day of January, nineteen hundred and twenty-eight."

On behalf of those hon. and right hon. Members who intend to move Amendments on this Clause and who attach great importance to the question, I may say that we thank the Chancellor of the Exchequer and the Parliamentary Secretary to the Treasury (Commander Eyres Monsell) for not taking the discussion on the Road Fund in the small hours of this morning, and putting it off until this afternoon. On that, I shall have the agreement of all parties. The object of my Amendment is to postpone the evil day. My Amendment has this

advantage over the Amendment standing in the name of the right hon. Member for Central Edinburgh and the Amendment standing in the name of the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George), both of which have been quoted, that in my Amendment the Chancellor of the Exchequer would eventually get the whole of the money, while under those two Amendments he would not.

I have no doubt that the Chancellor of the Exchequer will tell us that he is compelled by financial necessity to adopt the course of taking this money from the Road Fund, and that if he did not adopt that course, he would have to put a charge of something like fourpence on the Income Tax, which would be very painful to him. I am quite sure, as far as that goes, that we are all of one mind in our desire to spare the Chancellor of the Exchequer that painful duty. I think all parties in the Committee, certainly the party to which I belong, look with great suspicion upon these raids on the Road Fund. It is very likely the Chancellor of the Exchequer will explain to us that this is not really taking the money out of the Road Fund, that it is really a book-keeping transaction by which he will finance their expenditure during each current year. We all admire the ingenuity of mind and the dexterity in debate of which the Chancellor of the Exchequer so often gives us proof, but it is very difficult for a bucolic Member addressing a bucolic audience to make them understand that it is possible to take £12,000,000 out of a certain fund and leave it no worse off after the process than it was before. That is the difficulty we have to meet in our constituencies. The Chancellor of the Exchequer is a county Member, and if he has not yet realised how strong is the feeling in the counties on this subject I shall be much surprised if his constituency does not make him feel it before very long.

The fact is that these road expenses are rising steadily. Whatever class of road you take the expenses are going up; and you cannot prevent it. I have been a member of the road committee of my own county council for a great many years past, and I am as much in favour of economy both in local and national administration as anybody. But when

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 you have these questions to deal with locally and have to go into the case of each particular road, it is very soon borne in upon you that it is bad economy to let any road go to rack and ruin, and beyond that, I think local authorities owe a debt to those who use their roads to see that those roads are as safe for traffic as is reasonably possible. Our county roads are in some way the most dangerous roads in the world, as they are almost invariably roads between hedges, and we constantly have, for the safety of the public, and to avoid the accidents which may occur and which have actually occurred, to make improvements in order to add to the safety of these roads. All this costs money. Hon. Members from every part of the country can get figures. I have asked for the figures from my own county, which I think is one of the most economical areas in England. I find, if you take the main or county roads, that the rate has gone up from 3d. in 1914 to 2s. in 1927. I have taken two district councils in by own neighbourhood. In Shepton Mallet the rate was 1s. 5d. in 1914, and 4s. 5d. in 1927; in Wincanton it was 1s. 3d. in 1914, and 2s. 9d. in 1927. That is, after making allowances for the grants which have been received from the Road Fund. It shows that the increase in the total charge in the case of one district is from 2s. 6d. to 6s. 5d. and from 2s. 4d. to 4s. 9d. in the other.

That is a very big increase, and I fancy that it is quite possible for some parts of the country to show more extreme cases, but I just put these forward as typical instances, and I think they make the case quite strong enough. It is to be remembered that the payment of rates is not quite like the payment of Income Tax. You only pay Income Tax on the income you receive. If you have no income, you pay no Income Tax. But you may be losing money, yet you still have to pay your rates just the same, and the fact that you are losing money does not prevent the rates from going up. That is the grievance, and it is a grievance which is accentuated by the fact that this increased expenditure is not caused by our own local traffic. It is bad enough to have to pay for expenses for which you yourselves are responsible, but it is much worse when

you have to pay for expenditure and damage over which you have no control, and for which you yourself and the county generally are not responsible. Take my own district. In my own county we have the heavy traffic going through in char-a-bancs from Bristol to Bournemouth. They are no good whatever to us in the county. They do not even stop at the public houses, and even if they did, owing to the recent wisdom of Parliament, they probably would not be able to get any refreshment at the time at which they would stop. That is the grievance which is felt, that we are spending money on damage that is caused by other people, and generally every district considers that the other people who are causing the damage are much richer and much better able to pay the bill than the district itself.

Our duty as representatives of these districts is to do what we can to get some remedy for this trouble. I do not want to ask for anything unreasonable. It is not our suggestion that what is really capital money should be taken and applied to purposes of income, nor do we ask that money should be given out of the general taxation to supply local needs of this sort. What we do ask is that the actual resources of the Road Fund should be used to the utmost extent to remedy the grievances which we are now putting forward. We were all very glad to read the announcement made in Cornwall the other day by the Prime Minister. I understand, perhaps the Chancellor of the Exchequer will correct me if I am wrong, that announcement to mean that there is to be an increase of the grants upon what are known as second-class roads, and that on these alone it is to be 25 per cent. to 33½ per cent. For that, we say, "Thank you." Some of those who are interested in the agricultural industry would possibly find that their efforts were more appreciated if, when they got something they asked for, they did say, "Thank you." I tell the Chancellor of the Exchequer quite freely that we are very grateful for the announcement made through the Prime Minister—

Mr. CHURCHILL: By the Prime Minister.

Sir R. SANDERS: The announcement made by the Prime Minister the other

day. [HON. MEMBERS: "You have not got it yet!"] We have not got it yet, but we are asking the Chancellor of the Exchequer to re-affirm that announcement, as Minister of the Department responsible. I conclude he is going to do so, and I hope I am not premature in thanking him for it. We do not want to thank him only for past favours. We want to say something about the expectation of favours to come. We first ask him that this year it should apply not only to the Class 2 roads, but also to the district council grant-receiving roads. We reckon that would come to about £400,000. The amount given for that purpose last year was £1,300,000, and one-third of that sum would be about £400,000. That is the first thing for which we ask, but I have also been asked to bring to the Chancellor's notice the case of the urban district councils in rural areas. I had a letter the other day from the chairman of the county works committee in my own county, in which he said:

"I sent you some time ago copy of a statement I made regarding the position of urban districts that are rural in character."

Having enumerated some of them, he proceeds:

"All have very long mileages of unclassified roads. They receive no assistance from the special grant made for the relief of unclassified roads in rural districts. I have been to see the Ministry of Transport two or three times, but the present rule is that no grant can be made when the population exceeds one per acre, and that works out very unfairly in districts where you have a very long mileage of roads compared with the population, and where a penny rate only provides £60, £70, or £80. In the districts referred to, the main body of the population is situated in the actual town itself. As you know, in Shepton Mallet the majority of the population live within a radius of a mile and all the rest of the district is rural, with long lengths of road. That applies in other cases as well."

That position is being brought before a good many of us and it is one with which we ask the Chancellor to deal when he gets an opportunity. That is all we ask as regards this year's programme, but I hope the Chancellor will make some announcement as to the future. There is an Amendment on the Paper in the name of the hon. Member for Keighley (Mr. Lees-Smith)—in page 34, line 42, at the end, to insert the words

"such allowances or deductions being first made as when added to the revenues of the

said fund for the year ending the thirty-first day of March, nineteen hundred and twenty-eight, will enable provision to be made in respect of that year for—

(a) the payment of grants on the following basis, that is to say, sums equal to seventy-five per centum of the cost of maintenance and works in respect of first-class roads, fifty per centum of such cost in the case of second-class roads, and twenty-five per centum of such cost in the case of such unclassified roads as are eligible for grants; and

(b) all other grants and payments ordinarily paid or made out of the said fund or falling to be paid or made in the course of that year out of the said fund pursuant to any engagement entered into by the Minister of Transport before the commencement of this Act."

I understand that Amendment is not in order, but the first part of it—paragraph (a)—represents very much what we ask for in future years, except that there should be an alteration—33½ per cent. instead of 25 per cent. with regard to rural district roads. With the fund increasing as it is doing, I believe these alterations may be made in the near future. I think it has been already pressed upon the Chancellor, but perhaps I might again suggest it to him, that we think the time for big new construction has ceased. The Chancellor has said on more than one occasion that we have the best roads in Europe. I believe that to be true, and it seems to me that in the future what we want to do is not to go in for luxuries but for necessities. We believe if there were no more luxury roads and no more raids upon the Road Fund, the reforms which we advocate might be brought about in a very short time. In regard to what we ask for this year, if the Chancellor has not actually the money in the Road Fund at the present time, I ask him to make us this promise—that if, when he comes to make up his accounts, he finds he has a balance on the right side, he will give us the benefit of it. It is not a very big sum for which we ask. It only comes to £400,000 and it would make an enormous difference if it were added to the concession promised by the Prime Minister. I hope the Chancellor would tell us now that, if he has the money in hand, he will give it to us for that purpose. I believe when he works out the accounts of the Road Fund towards the end of the year, he will probably find that the receipts are bigger than he expects. It is also probable that he will find that some of the expenditure which

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has been budgeted for will not actually take place. For instance, I have here an answer given by the Minister of Transport to my hon. Friend the Member for Cirencester (Sir T. Davies) on 22nd June which gives a very fair budget of the Road Fund in the coming year. In that answer I find the following item:

"D.—Works (including Thames Bridges) recommended by the Royal Commission on London Cross-river Traffic, £1,000,000."—[OFFICIAL REPORT, 22nd June, 1927; cols. 1867-1868, Vol. 207.]

Does the Chancellor of the Exchequer or the Minister of Transport believe that that £1,000,000 is likely to come in the course of payment in the present year? If not, there is a fund at his disposal out of which the right hon. Gentleman might do something to help us. I have tried to put before him what we are asking. I will not use any hard word about it but if he is asking us to condone, what I will merely call a gigantic acquisition of other people's property, we should be given a sop for the present, and some assurance for the future.

Mr. LLOYD GEORGE: I do not think the Chancellor of the Exchequer need worry very much about the Opposition behind him. It is quite clear that although he has been taking away from the Road Fund a sum of money which had been allocated definitely by Statutory declarations and by solemn promises in this House, to the extent of £26,000,000 in the course of two years, the right hon. Gentleman the Member for Wells (Sir R. Sanders) and his Friends are very grateful for the very smallest sixpence that the Chancellor will give them in order to buy off his "acquisition." The proposal which the Chancellor has put forward is I think one of the most anti-social and anti-economic proposals submitted to the House of Commons for some time. What is this Road Fund? The Road Fund was set up, deliberately, by the House of Commons—and I do not think it was even a controversial matter at the time—for the purpose of dealing with an absolutely new problem which was confronting the country. That was the problem of the new traffic which suddenly burst upon civilisation not merely in this country but in every other country in the world—the new method of propulsion. The roads came to their own again, after having been neglected for a great

many years, and became an essential method of communication between man and man and town and town, and in the carriage of goods between one place and another. It was a proposal that was put forward in connection with a very controversial Finance Bill, but, in spite of that, my recollection is that it was unanimously accepted by every party in the House. Taxation was imposed upon one special set of taxpayers, who contributed, in addition to the other taxes, a special tax, with the assurance that the money would be utilised for the purpose of improving the roads which they used. Since then, there has been an enormous growth in that particular traffic, which shows that we foresaw what was happening, and that we were dealing, in anticipation, with a real social need.

I will give one or two figures, because it is only by means of figures that you can illustrate the proposition which I am putting forward, and realise the magnitude of the mischief which the Chancellor of the Exchequer is perpetrating. In 1909, there were 8,000 commercial vehicles on the road. In 1926, there were 355,000. That is a gigantic figure in the whole business of the country. Between Gloucester and Bristol, in June, 1913, 1,891 tons per week were carried along the road. In August, 1926, there were 28,267 tons per week conveyed along the same road. I could give a great many other instances. In the present year we have licensed motors, of one kind or another, for one in every 26 of the population. In the United States of America there is one in six. I do not know if we shall ever reach that state of affluence, or perfection, or congestion in transit, but it is perfectly clear that we have attained nothing like what is possible in this country. You are doubling, as Lord Montagu said in a statement the other day—and I think it is quite in accordance with the figures—in about four or five years the number of motors on the road. There is more in it than that. You are not merely doubling the number of motors. You are trebling or quadrupling the weight carried on the roads, which means wearing them very badly.

I watch every week very closely the figures of railway traffic in this country.

I think they are most significant as indicating what is going on in the business, trade and industry of this country. Compare year by year the quantity of goods carried. I am very glad to see that there is an improvement even in comparison with 1925. That is very gratifying, and it has gone on for years. But if you take the number of passengers, it is going down steadily year by year. That is very largely due to the fact that you have a complete change in the methods of transport. I know that railway companies say, "It is very unfair that we should pay rates, and that those rates should contribute to the maintenance of roads for the purpose of giving facilities to our rivals." That would be so if the Chancellor and his predecessors had not very fairly imposed very heavy taxation upon commercial and private vehicles. In 1921, the commercial vehicles of this country contributed £4,000,000 a year in taxation; in 1926, they contributed £7,600,000. They are going up at the rate of about £500,000 to £800,000 a year. So that they are also contributing towards the maintenance of the roads. The same thing applies to private motor cars.

Here you have an absolutely new problem with which to deal. The right hon. Gentleman has dealt with one branch of it, and although I have complete sympathy with what he says, it is only a very small portion of the problem. I will not say it is not a very important one, because it is very important, but it is only part of the whole problem. I quite agree with him that you have, first of all, to deal with the grievance of the ratepayer, and it is a very serious one. I am in entire agreement with him when he says that there is this difference between a payer of Income Tax and a payer of rates. The ratepayer has to pay whether he is making a profit or not. The Income Tax payer only pays upon his profit. That is a very serious thing, especially in some parts of the country, and that is why rates are really inflicting a more serious damage upon the industries of the country than taxation, although taxation is higher. There are a great many industries in the North of England where the rates make the difference not merely between making a profit and a deficiency, but of being able to carry on at all. There are places

where rates are so high that they cannot carry on, and if anyone will watch what is going on at the present moment, the movement of industries from the North to the South, he will discover that one of the reasons—there are other reasons, undoubtedly—is that they are moving from places where rates are almost prohibitive, having reached 15s., 20s. and even 27s. in the £, to areas where the rates are very much lower. It shows that the rates, for the first time, have become almost a determining factor in the industry of the country.

When you come to the agricultural industry, which, at the present moment, is in a state bordering on insolvency, it is a very serious matter, I agree, and their special grievance is that the money goes towards maintaining roads they do not use, that they are almost compelled to spend money upon the main roads which pass through their particular areas. The result is that they are neglecting the roads which they use themselves for the benefit of roads which are really maintained for traffic which makes not the slightest contribution to the general wealth of the little community in which they live. There is no doubt that the old rural roads are very much neglected, because the community cannot bear the expense of even the moderate repairs they used to effect in the old days of the 2s. 6d. rate or less. Therefore, there is a very serious grievance for the ratepayer there, the grievance, first of all, that he is maintaining roads which he very rarely uses, and has to neglect the roads which he has to use for his own business.

There is more than that. There is the question of the development of the road system to meet a new demand. The right hon. Gentleman who moved this Amendment, quoting the Chancellor of the Exchequer said that you have the best roads in the whole world, which is a suggestion that you are really spending too much on roads. I remember presiding over an international conference on roads held here at which there were representatives from every country in Europe, and I was very delighted to find that, whereas France at one time was regarded as the first in the world for its national roads, we had now taken her place. There is no doubt at all that we have now the best

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roads in the world, apart from the fact that they twist and twine around, which is a very good thing, because the traffic, instead of rattling along at 50 or 60 miles an hour, is occasionally forced to slow down. At any rate, the roads are better, but that does not meet the problem at all. The Chancellor of the Exchequer is very busy with his Super-tax payers and other questions, and, therefore, probably has not time to master the intricacies of this problem. But consider what the county councils think. The county councils in the main are composed of the right hon. Gentleman's present supporters, so that he may depend upon it they are not approaching this question from the point of view of persons who are anxious to do damage to the Government, or to take political advantage of any mistake they make. They are very alarmed about this, and they say, even about the main roads, which are the best in the world, that, approximately, 38 per cent. of these main roads require reconstruction in order to fit them for motor traffic. Of those, 25 per cent. require widening and diverting at a very great cost.

Another thing they point out is that there are a great many bridges upon the main roads of this country which are utterly unsuited for motor traffic. Somebody the other day was rejoicing in that fact, because he had a house in the country not very far from a town, and the crowds could not get anywhere near him, because the road for three or four miles was so bad that no charabanc could use it, and he was saved by the Chancellor of the Exchequer from the intrusions of "the madding crowd." But there are a great many districts in the country where the great motor lorries, which have been increasingly used to the advantage of the community, cannot use the roads. I got a letter from a great engineering firm in Manchester. They wanted to send a boiler, or something of that sort, to a colliery district in North Wales. They discovered that even on a main road a bridge was not strong enough to enable a motor lorry to cross. According to the County Councils' Association, there are hundreds, if not thousands, of bridges of that kind here and there across the country.

These things have got to be put right in order to make the main roads fit for

motor traffic. The Chancellor of the Exchequer has simply in his mind the ordinary motorist. Of course, the ordinary motorist can cross any of these bridges, but, when you come to the business community who have to send goods across country, you will find that the traffic is blocked at the present moment because of the deficiency of the road system. Well, he knows perfectly well that there are great advantages in the new development. They were pointed out very well, I think, by the County Councils' Association. The advantages of the transport system of motor traffic are that you save, for instance, the double handling which is involved when you have to send anything by rail. First of all, the goods must be put on a truck, and then on a motor lorry, but in the system of motor traffic we have to-day you save that and also a great amount of time, so that in transit, and generally, there is a great saving to the community. The Chancellor of the Exchequer seems to think this very amusing, but I can tell him it is a matter concerning the business community—not merely the farmers who are alarmed, but the business community—and if he goes through the towns of this country he will see the enormous burden that is placed on the business community. The London County Council stated that it was equivalent to a loss of £2,000 a day, this block in the traffic. That in a year or 300 days would be a loss of £6,000,000 to the community. It more than doubles the burden of the rates.

It is really a very serious matter for the business community. I agree that, if you are looking at the roads of this country from the point of view merely of the pleasures of the motorist, they are the best in the whole world, but you have to consider men who are earning their living on farms or by industry to which these roads are essential for communication between one place and another for the purposes of their business. Take Germany, which is a very much poorer country than ours. In spite of that, they are, in Germany, constructing about 9,000 miles of important roads, because they find it essential for the conduct of their business. In New York, they have just completed a system for traffic which has cost them £132,000,000. I do not know whether there is greater congestion in New York than in London, but they are spending that amount of money on improving transport communication, so that

they may the better be able to conduct their business. The conditions are very bad in all our great cities. You are spending a considerable amount on classified roads, but you are only spending a mere pittance on the unclassified roads. If you spend this £500,000, it is a quite inadequate sum for equipping those roads for the new traffic.

When you come to the development which is necessary throughout the whole country in order to improve the condition of the new traffic, well, then it is something which is a pittance, and yet here is a sum of money raised specifically for that purpose, and raised for that purpose with the consent of the taxpayer. I am not going to lay down the proposition that we can only tax a person with his consent, but when you impose a tax and say to the taxpayer, "You are paying your Super-tax and Income Tax, and they are very high, but we are going to ask you to make a greater contribution for the upkeep of roads in the country and it is for a specific purpose," motorists say, "Very well, we accept that tax for that purpose." That is the consideration which ought to weigh with the Government. The Chancellor has given a very plausible answer in the House. He says, "I am short of a very considerable sum of money," and I think he is entitled to say, "How do you propose to meet that?" (Well, I say quite frankly that if the Chancellor of the Exchequer has to choose between the Sinking Fund of £60,000,000 and depriving and restricting the essential development of the resources of the country, I would not hesitate for one moment. I might give him the answer that he could economise here and economise there, but I would have no hesitation in saying that the best Sinking Fund in this respect for the country would be the development that would remove the burden on industry which had been created by this new traffic and for dealing with which this Fund was set up.

Take agriculture. What is one of the greatest difficulties of agriculture? It is the enormous gap there is between the price which the farmer gets for his goods and what somebody else gets when they are sold in the market. When you can bridge that gap—you cannot do it completely—but if you could narrow it, it would make an enormous difference to the

position of those producing the food of this country. This is a question of marketing, and marketing is largely a question of transport. Therefore, when you come to the question of transport, it seems to me that for the development of the roads of this country it is not sufficient to say that we have the best roads in the world from the point of view of the pleasure of the motorist. But for the farmer in trying to get his goods from his farm to the market there is nothing like concerted action to facilitate his doing so. It is, therefore, essential from the point of view of the farmer, not that you should give half a million to reduce his rate, because I do not think it will reduce his rate, because it will be lost in the increased burden cast on the rate; it is a question of using the money for the purposes of enabling him to get his stuff to the market more cheaply, more effectively without the intervention of the middleman. Of course, the retailer must get his profit, but there is a good deal between the farmer and the retailer, and I say that the Chancellor of the Exchequer has taken the wrong road, if I may use the phrase in this discussion. [An Hon. MEMBER: "The wrong turning!"] He has taken the wrong turning, and he is doing something which inflicts real damage on the business community, real damage upon the farming community, and he has arrested the development of road transport at a stage where we were starting to be in front.

He has thrown us back, and he stopped it just at the point when we were beginning to develop into something that would help the business community. Just at that stage he is taking away in the course of two years, £26,000,000 from the Road Fund. The hon. Member for Thirsk (Sir E. Turton) made a statement in the House to the effect—I have not his exact words before me—but I think he said that so far from there being a surplus in the Road Fund, there was a deficit at the present moment in the sum available. So that the Chancellor of the Exchequer has taken this £12,000,000 not out of a surplus, but out of a deficit. He ought to allow this money to accumulate, and so encourage the Transport Ministry to carry on this necessary development. The Minister of Transport, I must say, has been very easily discouraged. These new

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developments have been demanded by the community in this country, and yet they are slowed down and they are stopped, and the county councils and others who know how essential it is that these developments should go on, are protesting against this money being taken out of the Road Fund. Therefore, I hope the House of Commons will protest emphatically against taking this money away.

Lieut.-Colonel MOORE-BRABAZON:

The right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) has in a former speech of his described the Chancellor of the Exchequer as the best tax collector since Robin Hood. I think that description may be somewhat acrid, but I suggest that perhaps the Chancellor of the Exchequer will go down to history as the "Gentleman of the Road Fund." The right hon. Gentleman the Member for Carnarvon Boroughs criticised the Chancellor for taking money from the Road Fund. I do not agree with him on this particular point, and I am going, if I may, to come to the assistance of the Chancellor of the Exchequer, to his great surprise I am sure. I do not think the right hon. Member for Carnarvon Boroughs in his speech really hit the point which has prompted the Chancellor to take this money, which is the exceptional condition of the country this year. There is a Spanish proverb which runs, "When it rains we all get wet," and I think that is a very appropriate saying on this particular point. There is really no reason why you should spend the money of the Road Fund entirely on roads when every industry in the country is in a bad condition, and after the disasters of last year I think we should put the whole programme with regard to the roads back for a little bit until the roads should be apportioned to their proper sphere in the life of the country.

I want to make this suggestion to the Chancellor of the Exchequer, and I am sure he appreciates what tremendous importance rests upon the system of taxing motor vehicles, because the motor industry which we have in this country—the light car industry—was developed owing to a very curious system of taxation and it was because of that system that we have to-day such a large industry

and that we are to-day such a big exporter of light cars. Consequently, the arrangement of the taxation on motor cars is of very great importance to the industry of this country, and I would ask the Chancellor of the Exchequer to give this suggestion very serious consideration. It is that motors should be taxed in two ways. First of all, we must start with a fund to which every motorist contributes in proportion to the damage he does to the roads, and that fund once collected should be inviolable from the point of view of succeeding Chancellors. Over and above that they should pay a luxury tax, and a tax on motors, which are a luxury, is quite legitimate as a source of revenue to the Imperial Exchequer. But behind this there has always been the other system by which the taxation should be paid into a continuous Road Fund. In that way I feel certain that we could get a continuity of policy with regard to road construction which we very sadly want, uninterrupted by Chancellors looking from one year to the other with greedy eyes on the Road Fund. Therefore, my suggestion comes to this, to have two taxes, one purely for the roads on the basis of the damage done, and another on a luxury basis which will come to the Chancellor direct, and if that system be adopted, I think a lot of the trouble we have every year with regard to the roads will be got over.

Mr. J. JONES: Some of us are rather tired of discussing what form of taxation is best adopted in the interests of the community, but this Road Fund was originally established for the purpose of enabling Great Britain to become once again what it used to be, the most important industrial country in Europe. Some of us regret that more has not been said with regard to the claims of London in this respect. It does not seem to be a very important question, because, after all, London seems only to be a village. Most of its members are dumb. We are not discussing, as far as I am personally concerned, the construction of an arterial road that takes you to "Southend-on-the-Mud" for a week, nor of a road that leads you to some part of the North of England. What I am talking about is the road that leads to the Empire, namely, the road to the London Docks. The party opposite are great

champions of the Empire, and they are always waiving the Union Jack, but we have in London to-day docks that are being made equal to any docks in the world, and nothing has been done to construct a road to those docks. In the last 14 years over £20,000,000 has been spent to make the docks of London equal to any other docks in the world. That work has been accomplished under the auspices of the Port of London Authority. During the whole of that period the roads to the docks have remained practically in a most chaotic condition. We have swing bridges and level crossings all over the place, and however much we may improve the docks themselves, we are still in a state of congestion in getting to and from them. The docks lead to the outgates of Empire. I suggest that all the promises that have been made to provide suitable roads to the docks have been broken.

We have been told just now that there was really no surplus at all in the Road Fund, but a deficit. We are living upon our losses, as all great capitalists do. But we want to know what has become of our share of the Road Fund. It must be considered that the large towns are paying a great share of this tax while the rural areas pay a comparatively small proportion. I am not blaming them, because a poor man cannot pay as much as a rich man, although the rich men, judging by yesterday's discussion, try to pay as little as possible. We in West Ham are paying comparatively more than our fair share in this particular case, and what do we get? Simply deferred promises and unredeemed pledges. The gentleman from the Prudential always tells us to wait until we are dead, and then we shall get what we expected. We have a grievance in this case. If you are going to tax a commodity, the people who make that commodity are consulted. Now the tax on roads was originally intended for certain purposes. I do not want to call the right hon. Gentleman the Chancellor of the Exchequer any fancy name, because sufficient names have been applied to him. We know how honest he is when he is asleep. We cannot trust him when he is awake. We are not blaming him, because we know it is not himself who is to blame, but that it is a case of "His master's voice."

"You can call out my father, sister or brother,

But, for God's sake, don't touch me!"

That was the song we used to sing during the War, but it has also, I think, become the slogan in peace time, when anybody wants relief from taxation towards the national expenditure in a great time of expenditure. My hon. Friend opposite talked about the great difficulties of the nation. He did not mention the General Strike. That might have been an oversight. I expected this to be trotted out once again, because no matter what Minister or Tory Member of Parliament finds himself in difficulties, he trots out the General Strike. The General Strike has nothing to do with the Road Fund.

The CHAIRMAN: The hon. Gentleman said he was surprised that the General Strike has not been mentioned. He himself mentions it for the first time, but he states quite rightly that it has nothing to do with the Road Fund.

Mr. JONES: I am sorry, Sir, but I congratulate the hon. Member on not dragging in the General Strike by the nape of the neck. My own experience in my own district is that we shall have to have practically a revolution in our road transport system if we are to have effective communication with the London docks, and yet what do we find? At a time when our statesmen ought to show real statesmanship, they are looking round to see where they can pinch a sixpence. It reminds me of the man who looked for a threepenny bit and found sixpence, and thought he had a great deal of money. It is all very well to talk of economy, but we do not want economy at the expense of the productive and commercial side of our life. Our country was the pioneer in road transport, and now we are dropping behind in the development of transport. We had a fund established for the purpose of developing our road transport, but instead of using our imagination and statesmanship to make this country the greatest country in the world, which it could be now in the matter of motor transport with its enormous possibilities and its great wealth, what are we doing? Instead of tackling these financial problems from the point of view of statesmanship and imagination, we are talking like village shopkeepers. I represent a constituency which is hard hit by the delays of the

[Mr. Jones.]

Government. We were promised a new road to the docks which have been carried out. Schemes have been adopted, but so far the goods are not delivered. We cannot get the necessary improvement in West Ham and the surrounding districts because it is too poor to undertake any considerable capital expenditure. We have got a lot of sympathy from the Ministry of Transport, but sympathy does not butter any parsnips.

The MINISTER of TRANSPORT (Colonel Ashley): I am sorry to interrupt the hon. Member, but he is not doing justice to the Ministry of Transport. The scheme of the Victoria Dock Road is actively in hand and negotiations are proceeding.

Mr. JONES: I am not finding fault with the Minister of Transport or his Department. Since he has been in charge of it, he has always been kind and courteous to us. We know the schemes are there, and it is all very well to say that everything is lovely in the garden, but the money is not forthcoming.

Colonel ASHLEY: The contribution of the Government is available.

Mr. JONES: That is right, and an extra contribution must be made by the local authorities surrounding, one of which has been scarified in the Press for giving relief to the poor of the neighbourhood. All these places are poverty-stricken areas owing to circumstances over which they have no control.

The CHAIRMAN: I must direct the hon. Member's attention to the statement already made by the Minister of Transport that the money available from the Government for the purposes to which he is referring would still be available whether the money is from the Road Fund or not.

Mr. JONES: I accept the Minister's explanation, and I thank him for it, but we have had so many statements made as to what will happen in the future. When will the scheme be started? An Act of Parliament will be required and a Bill will have to be passed through the House before we can have it.

The CHAIRMAN: We cannot discuss this on a general Amendment.

An HON. MEMBER: That is a local matter.

Mr. JONES: It is not a local matter. It is a matter of great national importance and of great Imperial importance.

The CHAIRMAN: It is a question of a special grant. This is a general, national discussion, and the hon. Member introduces a special matter.

Mr. JONES: I thank you very much, Mr. Hope. I have said what I want to say in that connection, and I am very pleased to have the Minister's intimation of their intention. I would say to you, Sir, that this is not a national or local question; it is an international one. It affects every part of the British Empire and all the countries with which we trade. Members who every year receive invitations from the Port of London Authority to visit the docks of London from Tilbury up to London Bridge know as well as I do that it is not a matter affecting merely East or West Ham, Poplar, Greenwich or Woolwich, but that it affects our whole Imperial trade and the countries with which we trade. I am not talking about an arterial road, I am speaking about an Imperial road, a road in which Cæsar would have gloried if he had had the honour of building it.

The CHAIRMAN: If the hon. and gallant Member for Central Hull (Lieut.-Commander Kenworthy) had been here, I have no doubt he would have talked of Northumbria and of the road which is likely to be made to Hull.

Mr. JONES: I thank you for the correction, Sir. After all, Northumbria and all those other small kingdoms counted for nothing compared with this. Therefore, I am appealing to the imperial minds of the great statesmen opposite to help us to realise an imperial idea—a road to the Empire, down through West Ham, Poplar and all the other places.

Major GEORGE DAVIES: After the exceedingly interesting interlude to which the Committee has just listened, I think we can go back to the Amendment. My right hon. Friend the Member for Carnarvon Boroughs (Mr. Lloyd George) who spoke a short time ago from the bench in front of me and who has just

left the House, made an interesting suggestion in regard to a twofold method of taxation, but he confused one very important idea in regard to the question of the kind of roads he had in his mind. This was a matter which the hon. Member for Silvertown (Mr. J. Jones) put in the forefront of his speech, namely, the great development of new arterial roads. It is perfectly true that at present we have to call a halt in that form of construction, because we must cut our coat according to our cloth. We are all agreed that that is the policy of the Government at the present moment, not to enter on any new commitments on that scale. An important and outstanding feature, however, still remains in regard to the maintenance of the roads at present in use, particularly second-class and unclassified roads in the rural areas. I do not wish to repeat arguments which have been brought forward on so many different occasions. We shall shortly, in this country, have to face the very big question of the full relationship of local and central taxation.

If there be one thing which has developed more rapidly than any other and which will have to be dealt with by the nation as a whole it is the question of road transportation. That is becoming not a local but a national question. We are not engaged, as the hon. Member for Silvertown said, in bringing back our roads to what they once were, but in developing them into something which they never have been. That means losing entirely the local aspect. Every road in the country that can take a motor car upon it becomes a national road, because the moment you begin to improve it, you attract a form of traffic, in ever-growing quantities, which does an ever-increasing amount of damage. The right hon. Gentleman who opened the Debate put that point very ably before the Chancellor of the Exchequer. We on this side of the Committee have a very special right to plead with the Chancellor of the Exchequer on this particular matter.

One fact, admitted by everyone, is the very critical condition in which the agricultural industry finds itself to-day. It is on those engaged in that industry that the greatest burden falls in the maintenance of the second-class and unclassified roads in our large and sparsely populated country districts. There-

fore, I wish to add my voice to those of other Members this afternoon in regard to the question of giving us a little more generous treatment in this matter. It is not solely on the actual merits of how the Road Fund should be handled—I do not wish to enter into that question to-day—but from the point of view of the very genuine right which the interests which we represent have to this further consideration. If from a political point of view—and, after all, we are engaged here in political activities—we cannot assist the agricultural industry along the lines on which so many of us are looking for assistance to-day, we ought to think twice before closing up those channels along which we can legitimately assist them in bearing the very heavy burdens which fall on them at present. Perhaps the greatest of all those burdens is that of the roads, and that is particularly the case in areas which are less able to carry the heaviest burdens, but where such a burden has to be borne. I do not wish to weary the Committee with repetition, but I would, with all the energy of which I am capable, urge on the Chancellor of the Exchequer and the Minister of Transport that, even at this late hour, they should see whether they cannot go this very small way, so far as the number of thousands of pounds is concerned, in giving additional assistance to an industry that deserves it.

Mr. BROMLEY: I want to speak in support of the Amendment, and to put forward a view which has not been enlarged on very much, either in the House or in the Committee. It may be right, as the Chancellor of the Exchequer protests, that some of the great arterial roads of the country have had some attention, too largely, I am afraid, for pleasure rather than for general utility. I wish to point out to the Government the position of some of the lesser main roads, on which I think this Fund could very usefully be spent, not only in improving the position of the roads and in facilitating rural traffic and even through traffic, but in adding to the extent of the surface of the land cultivable in this country. This fund, as has been said so frequently, both last year and during this discussion, was contributed for a certain purpose. Agreed that very large sums had been used for the purpose for which the fund was con-

[Mr. Bromley.]

tributed; but to take away funds specially contributed, in order to ease taxation in another direction, when anything of a utilitarian nature might be done with the roads of the country, is bad finance and unwise national policy so far as feeding the small towns and rural areas is concerned.

I should like to draw the attention of the Minister of Transport to the meandering of many of our second-class, unclassified roads, roads which were built in the days when the builders were all drawn from agriculture. Those roads went about the country in such a way that they took up more space than the actual road bed necessitated, and rural vehicles or through traffic occupied a great deal more time in getting from point to point than should be necessary in an age when time is said to be money and, possibly, when time is more valuable than it ever has been before in our history. Again, there is the danger involved in the faster traffic, which now passes along these smaller roads, which wind and twist and take up space, with their dangerous corners, and which are quite unsuitable for the traffic of to-day. Funds, contributed for the purposes of improving roads, not only arterial roads, have been taken to facilitate, I am afraid, the escape from taxation of some other moneys which should have contributed to the national Exchequer. I can visualise a time when some authority in the country will see the necessity for straightening out and classifying some of those other roads, apart from the main roads. They will straighten them out and make it possible to see further along them and, while they improve the roadways, they will also assist other industries, because there are many places where a low bridge or a light steel girder taken over a small gully or a little hole in some pasture land or cultivated area would make a road which would take as much traffic as would for many years come along the other road. That would clear the old road, facilitate fast traffic, and cut off corners and generally link up the roads. Such work would give facilities for similar traffic in the rural areas round the towns, such as are only dreamed of by the people now using those roads. This reflects on many municipal bodies, which have to find the cash for road improvements round their

towns, that these many millions of pounds contributed for a specific purpose have been raided by the Chancellor of the Exchequer to ease other contributions to the national funds. Having suggested these one or two things with regard to straightening the roads, making them more safe and bringing the land they now cover into more use so far as the country roads are concerned, I support the Amendment.

Sir HARRY HOPE: We are engaged in discussing a problem of prime national importance, and there is no subject which engages more attention in our country districts than that of the Road Fund. That interest is caused very largely because people are suffering under the enormous burden of road taxation, which has increased tremendously in recent years.

Yet, with all that burden from 5.0 p.m. which we are suffering, we see that the great improvements which are being effected to our roads are only being done to the main through roads. We have a network of country roads which are so necessary to our rural population. We do know that the industry of agriculture is suffering at the present time from very severe depression and therefore, if any fresh burden is put on it, I think it is only right and wise that this House ought very carefully to scrutinise such a burden. It has been said that the alternative to raiding this Road Fund would be to put an extra 4d. in the £ on our Income Tax, but, as has been said here this afternoon, we know that Income Tax is only paid by people who have got incomes, but that road rates are paid for by everybody, whether they have incomes or no incomes. Would it not have been fairer that this burden should rather have been put upon those who can bear it than that it should be an additional burden placed on our agricultural districts at the present time of severe depression? I know that our versatile Chancellor of the Exchequer has been passing through a very abnormal time and that the money had to be found, and perhaps some of the disagreement which may exist on this side of the House as to the ways in which he has taken money may show that hon. Members recognise the great difficulties through which he had been, but what we say is that that portion of the community, the agricultural section, which is less able to bear the

burden is having this burden put upon it and we as country representatives are bound to make an emphatic protest against it.

I think there are one or two points which we must insist upon if this Clause goes through. First of all we want to be assured that any further income which is derived from these motor duties on traffic shall be kept exclusively for road repairs and maintenance. Then, again, we want the Transport Ministry, if it is to be kept in existence, to take greater care that this money is spent in a wise way, because we are very critical of some of the ways in which it has been spent in the past. We have seen this money, which is contributed by motor taxes in order to repair the damage inflicted by motor traffic, spent very largely on making or adding to what are called "joy roads." Not only have these large boulevard roads been made on the outskirts of our cities, but money has also been spent on grandiose schemes like the Mersey Tunnel and the new Edinburgh-Glasgow Road, and that money is to be spent on Waterloo Bridge, and we say that this money should be spent on our country districts in order to repair the damage done by motor traffic. I think it would be only just that this should be done. I have no doubt that road traffic will, in the future, increase enormously, as it has done in the past, and that the cost of our road maintenance will go on increasing year by year. I only hope that the Chancellor of the Exchequer, when he or his representative winds up this Debate to-night, will say something in the way, as it were, of an apology for taking this money which ought not to be taken. In making this change I hope he will give an assurance to the country, an assurance which the country desires and almost expects, that no repetition of this sort of thing will take place again and that the money raised by these motor duties will be wisely and carefully used in the maintenance and repair of our country roads.

Lieut.-Colonel ACLAND-TROYTE: I think we shall all of us agree that when these motor taxes were put on they were put on with the object of obtaining revenue to be used for the maintenance and improvement of the roads, and I do not consider that the motor user has a right to consider himself the person who

should dictate the way in which the money raised under these taxes is to be spent. When the taxes were put on the country was in a very different state to what it is now, and no one could foresee the way in which these taxes would go. It is not for the motor-car owner to say how the taxes shall be spent. It is for us to decide in this House. We have to decide what money is to be raised for different purposes, how it is to be raised and how it is to be spent. We have also to decide how the expenditure on the upkeep of the roads is to be divided between the taxpayer and the ratepayer. We have also to decide how much is to be spent on the upkeep of the roads. It is generally owned that our roads are probably the best in the world, and I know that huge sums of money are spent on them. I think probably the amount spent on the roads is rather more than we can afford at present. For these reasons, I have no sympathy either with the motor-car owner or with the complaints made by his organisation, but I have a very deep sympathy with the ratepayer. The rates have been going up by leaps and bounds, and one of the causes of the increase is the increased sum which is spent on the upkeep of the road.

In my own district council the upkeep of the unclassified roads in 1913 cost £6,500. It is now £13,600—I am giving round figures. The county council of Devonshire spent out of revenue in 1913 £111,000. This year they have spent on the roads £322,000, after deducting grants received from the Road Fund. The average cost of the main roads per mile has gone up since 1913, when it was £80, to £363 per mile. That is not for large improvements; it is only for maintenance and for small improvements such as the taking off of small corners. In addition, the county council have had to borrow very large sums for big improvements and big alterations that are being made. The increase in the costs of the roads and the increased rates are borne in a very great part, and as regards unclassified roads very largely, by agriculturists, and although agriculturists may get some indirect benefit from these improvements to the roads they get also an indirect and direct disadvantage. The roads are made up in such a manner now that they are not fit for horses to go on; they are too

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[Lieut.-Colonel Acland-Troyte.]

slippery. Also, the agriculturist has lost the market for his horses, for his oats and for his hay; due to the fact that horses are being replaced by motor vehicles. Therefore, the agriculturists have paid increased rates which do not bring them increased advantages. We all know the plight of agriculture at the present time. I do not want to enlarge upon that, but the best way to do something to help agriculturists now is by reducing the rates and taxes they have to pay and by making extra grants for the roads and that will give a very good chance of reducing the rates that they have to pay in country districts.

We all welcomed the announcement of the Prime Minister which he made in Cornwall to the effect that an extra £500,000 was to be spent on second-class roads, thereby raising the percentage to 33½. That goes some little way towards meeting our demands, but it does not do anything whatever for the unclassified road, and we ask now that the Chancellor of the Exchequer shall allot a sum of £400,000 or £500,000 to increasing the grant for unclassified roads from 20 per cent. as it was last year, to 33½ per cent., the same as the grant for second-class roads. That is our demand for this year, and I think it is a very reasonable demand. We shall expect more next year. We shall expect to see bigger percentages for the first- and second-class roads than we got last year, and I do not want the Chancellor of the Exchequer to think that giving us this grant this year will be sufficient. We shall certainly expect a larger grant from the Road Fund next year for the upkeep of the roads. We recognise the difficulties of the Chancellor of the Exchequer last year, and therefore we are not putting forward the full demand. The Chancellor of the Exchequer may very likely say, when he comes to reply, that he has not got sufficient money available to give us this small extra grant of £400,000 or £500,000, but he has got a sum of something over £19,000,000 to be expended on the roads this year.

The Chancellor of the Exchequer is not half as clever as I believe him to be if he cannot find, out of that £19,000,000, a way to pinch £500,000 for us. He can get money for himself if he wants it, and I am sure he can find some way in which

he can get something out of those £19,000,000 for the purposes for which we require it. We know that huge sums are being spent on the improvement of the roads, and on making new roads, and we know that in many cases the work is being done in an extravagant manner, and we know that money is being spent on such objects as the planting of trees. Surely, some of that planting could be put off so as to give us our £500,000. Also, we know that £1,000,000 has been allotted to the repair of bridges, and it is almost certain that this money will not be spent during this year. If it is not spent during this year, we might have some of it. The Chancellor of the Exchequer certainly told us he wanted a sum of £12,000,000 to balance his Budget, but in the Clause which we are now considering, Clause 46 of the Finance Bill, there is no mention of a sum of £12,000,000, but he says now that he proposes to take all that stood to the credit of the Road Fund on 31st March. That sum may have been a very great deal more than £12,000,000, and if the Clause stands as it is now, we may find the Chancellor of the Exchequer taking more than he requires. I understand that the alternative to taking this from the Road Fund is an increase in the Income Tax of 3d. or 4d. in the £. That is a very serious thing. This year has been an exceptional year, and we must expect exceptional measures. In view of the serious consequences that would arise from putting this money on the Income Tax instead of drawing on the Road Fund, I feel that I should not be justified in opposing this Clause. I can, however, only support it under certain conditions. If the Chancellor takes this money to aid the taxpayers, he must also treat the ratepayers justly by giving them the aid for which they have asked. If he will give £500,000 to the unclassified roads, and if he will accept the Amendment which stands in the name of the hon. Member for Thirsk and Malton (Sir E. Turton), to limit the amount to £12,000,000, then I can support the Clause, but if he will not accept these two proposals, I am afraid I shall vote for this Amendment.

Sir JOSEPH NALL: I think hon. Members must keep a sense of perspective in dealing with this matter, and ask those outside the House who have been raising

clamour from time to time to do the same. One would suppose that the proposal in the Finance Bill would deflect money from road purposes, and that that would be reflected in a corresponding diminution in road work. As a matter of fact, it does nothing of the kind. The fact is that the balance which it is now proposed to abolish has accrued over a term of years under a system which was unsound from the very start. Whenever a new capital scheme was approved under the old grant-in-aid system, it was the practice to put aside out of the yearly revenue some appropriate sum towards the ultimate cost of completing the scheme. Practice has shown that, in fact, the road revenue is well able to meet the annually accruing charges without any reserve of this kind being built up at all. All that is proposed, as I understand it, is that these annual accruing charges, coming into charge as and when these schemes are completed, or by way of instalments upon the schemes, will be met by the Exchequer in future out of the annual road revenue or the sums derived from road taxation. The progress of the schemes already sanctioned will not be retarded, nor will the sanctioning of new schemes necessarily be diminished. The proposed abolition of this reserve will not inflict the slightest possible hardship either upon road users who contribute to the fund, or any of the local authorities whose case is being so strenuously pressed to-day. These questions of additional grants in aid of rural roads and of allocating particular sums from the Road Fund to particular purposes, bear no relation whatever to the present proposal of the Chancellor of the Exchequer, and one cannot too strongly urge on the organised interests outside that they are beating the air when they complain about this alleged deflection of the Road Fund, because no deflection is taking place.

I suggested a moment ago that we should try to keep a sense of perspective on this Road Fund question, because it is implied that the rural roads, although admittedly presenting a case for consideration, have a claim which is more urgent than the claim the urban areas can advance. The right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) indicated just now that the high rates levied in the urban or borough areas are a great handicap to industry.

That is perfectly true. The great producing industries are just as much handicapped by the high rates in the boroughs as agriculture is handicapped by rates in the rural districts, in fact, more handicapped, because in no rural area are the rates anything like so high as they are in a borough.

Mr. MACPHERSON: The road rate?

Sir J. NALL: The hon. Gentleman forgets that agricultural land is specially treated and receives special assistance from national funds. When the Roads Act was going through this House, with Sir Eric Geddes as the Minister in charge, I remember pointing out an anomaly in the Bill which was unfortunately enacted and is now the law. That anomaly particularly hits the big industrial towns in the north. In the city of Manchester every first-class road and some of the second-class roads have tramways along them, and the area occupied by the tramway, which has to be maintained out of the tramway fund, is deducted from the area which ranks for grant from the Road Fund. In the great cities where tramway systems operate in no case does a first-class road get the whole of the grant which ought to be paid to it and would be paid to it if no tramway existed. Owing to the operation of the Roads Act the onus of the maintenance of that first-class road falls on the urban population either in the form of rates if there is a deficit on the tramway and it is a municipal undertaking or in the form of increased fares if the undertaking is able to impose fares sufficiently high. To that extent urban populations are penalised, and have a case which in its way is just as strong as this rural case which has been so ably pressed in the House.

Some hon. Members might say, "Scrap the trams," but what would be the result of that policy? An omnibus with a capacity comparable to that of a tramway car pays about £108 a year in licence duty. The contribution which a tramway makes to the maintenance of the roads in the manner I have described varies from £200 per car per annum to as much as £400, and in some cases £500. If we scrap the tramways we shall throw on to the Road Fund and the local authorities responsible for the roads where formerly the tramway existed an expenditure equal to £200 or £400 a year, as the case

[Sir J. Nall.]

may be, for every tramcar displaced in the locality. I have raised this point to indicate that there are anomalies in urban districts just as there are in rural districts with respect to the allocation of the Road Fund, and that it would be an unsound policy if the Government were to say they will permanently increase the grant in aid of roads to a certain percentage, or make some fresh and permanent allocation of these grants-in-aid, unless they take into consideration the whole of the circumstances which arise not only in the rural but in the urban districts. In London maintenance charges fall particularly heavily on the London County Council, and while the Chancellor is perfectly justified in the action he is taking in this Bill, and whilst it has no relation to the case which is being pressed on behalf of the rural districts, I do urge on him that in reviewing the future allocation of Road Fund revenue he should review also the claims of the boroughs and urban districts, not prejudicing the position by some premature decision in favour of one interest to the exclusion of the others.

I hope the Minister of Transport will realise that the question of rural road maintenance and repair has been considerably aggravated by the long delay in publishing Regulations governing the construction, size and weight of motor vehicles. For too long the announcement we have heard this afternoon has been delayed. As a result of the delay a great many of the difficulties now being experienced by rural road authorities have arisen. A great many of the complaints of high rates and under-maintenance are directly due to that delay, and if there is one argument which is stronger than another for absorbing the activities of the Ministry of Transport into another Department it is the fact that the question of safety on the roads, of motor law and its application, ought to be concentrated in one office, which, apparently, ought to be the Home Office.

Mr. BATEY: I want to take the opportunity of voicing the complaint of the Durham County Council against the action of the Chancellor in raiding the Road Fund. At the beginning of this year, the county council passed a resolution saying:

"The whole of the funds collected by the motor tax should be used for the purpose of road improvement and maintenance."

We are with the county council in that sentiment. We believe that the Chancellor of the Exchequer is altogether wrong in making any attack upon the Road Fund. We believe that, instead of the Chancellor taking this money, the money should have been used for the upkeep and maintenance of the roads. The Durham County Council, in my opinion, are justified in making this complaint, because we find that in 1919 the gross expenditure on the main roads in the County of Durham was £69,184, while in 1926 it had risen to £424,671. That was an enormous increase, and the county council only obtained from the Ministry of Transport, for the year 1926, £154,415. That left the county council to raise a very largely increased sum of money, as compared with the year 1919, for the maintenance of the roads, and the county council, having to raise that much greater amount for the upkeep of the roads, are, in my opinion, justified in passing their resolution protesting against the Chancellor of the Exchequer taking any money whatever from the Road Fund.

Not only have the county council a complaint on this score, but the rural district councils in the County of Durham are also suffering, and are entitled to complain. In the Auckland Rural District Council, in 1919, the highway rate levy was only 9½d., but in 1926 it had increased to 1s. 10d. In the case of the Chester-le-Street Rural District Council, the highway rate levy in 1919 was 8d., and in 1926 it had increased to 3s. 6d. The Durham Rural District Council, in 1919, had a highway rate levy of 6d., which in 1926 had increased to 5s. 2½d. The Easington Rural District Council's highway rate levy, which in 1919 was 8½d., had increased to 3s. 0½d. in 1926, while, in the Houghton-le-Spring Rural District it was 1s. 1d. in 1919, and 4s. in 1926. In face of these huge increases, we think we are entitled to protest against the Chancellor of the Exchequer making this raid on the Road Fund. I would ask the right hon. Gentleman to consider the fact that these heavy increases of rates are bearing very hardly on a county like ours in the North of England, because the County of Durham is a mining county, and is just now

suffering very severely. Heavy local rates are one of the things that make it impossible for collieries to carry on. I noticed that last month at the annual meeting of one of the large concerns in the County of Durham, the chairman said that, while that company, in 1914, was paying £29,000 a year in local rates, on the 31st March, 1927, it was paying £118,000 a year. With this heavy burden upon collieries at the present time, we are not surprised at so many collieries ceasing to work.

The Chancellor of the Exchequer may be able to take this money from the Road Fund, but, if he does so, and the local authorities have to increase their rates, it simply means that the Government, somehow or other, will have to find other money for the purpose of relieving districts that are hit so hardly as our districts are at the present time. The Government cannot afford to sit still and see counties like ours with huge numbers of collieries standing idle, and with thousands of men unemployed. The Government must be prepared to do something, and this is one of the ways—although I do not think that even this way will meet the situation fully—in which the Chancellor of the Exchequer might have eased the burden in such districts, and, instead of seizing the Road Fund, he might have allowed the whole of the money obtained from the licences to go towards the upkeep and maintenance of the roads. I am hoping that the Committee will be bold enough, that there will be sufficient dissatisfaction in the Committee to make them, when the Division takes place to-night, record an emphatic protest that will prevent the Chancellor of the Exchequer from continuing his raids upon so important a fund as the Road Fund.

Brigadier-General CLIFTON BROWN: I am afraid I cannot support the remarks of my hon. Friend the Member for Hulme (Sir J. Nall) as to there being no special reason for assistance in the case of rural roads as compared with roads in towns. My hon. Friend is much more experienced in connection with Parliamentary Committees than I am, but I have sat under his chairmanship, and I know that the one thing that we have to see to is that a tramway undertaking, or whatever other undertaking it may be, is self-supporting. Surely,

the tramways do not get assistance either from the rates or from the Road Fund, because they are only allowed on condition that they are self-supporting; and, therefore, I cannot see any analogy at all between that part of the difficulties of towns and those of the rural districts. I think no one can deny the right of the Chancellor of the Exchequer to use any surplus of the Road Fund, but I think that he himself must admit that the Road Fund was started, and is now in being primarily, for the needs of the roads, and I deny his right, until the needs of the roads are satisfied, to take that money away for any other purpose. How have the needs of the road been met? I am concerned, I must confess, with the needs of rural roads. I was told the other day by the Minister of Transport, in answer to a question as to how many miles of unclassified roads still did not get any grant at all, that there were 86,000 miles of roads in that category in this country.

Colonel ASHLEY: I must point out that a very large proportion of that mileage which is not classified or scheduled consists of grass tracks, or stretches of road on which in any case practically no money is spent in maintenance.

Brigadier-General BROWN: I know, but "a very large proportion" is a very misleading way of putting it. Let me quote from a few Yorkshire rural district councils, which have nothing to do with my constituency, to show how many miles of unclassified roads they have for which they do not get any grant at all. The parish of Bridlington has 109 miles, for which it receives no grant at all. The parish of Driffield has 138½ miles for which it gets no grant at all; the parish of Howden has 131 miles for which it gets no grant at all, and so forth. The result is that the rates in those parishes have gone up, in some cases from 1s. 8d. to 6s. 8d.; and in others from 1s. 4½d. to 10s. 4½d. It cannot, therefore, be said that the needs of the rural roads are by any means met, and the people who live in those localities can no longer afford the necessary rates. As another instance of the manner in which rural districts are affected, I may mention that I happen to be on the Committee which is at present considering the Croydon Bill, and Croydon,

[Brigadier-General Brown.] like a good many other big towns, wants to take in a little rural area outside Croydon. A penny rate in Croydon yields £5,000, but a penny rate in this little outside district of Addington yields only £45. Can it be wondered at that people in Addington are grumbling at the rates on their roads, when this will mean an increase of more shillings to them than it does pence to the bigger borough of Croydon?

I do not think that any more need be said about that aspect of the matter. Everyone recognises its existence, though they may not recognise the seriousness of it. The right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) has already pointed out what very high rates have to be paid in respect of the roads in country areas. If the Chancellor of the Exchequer would guarantee that the proposals which not only the Unionist Committee of this House, but also the Rural District Councils Association put before him, that the modest request for this year and what the Rural District Councils Association want for next year would be acceded to, then one would have no difficulty, in these hard times, in supporting his proposal. If he feels anxious as to where he is going to get the money from, I would submit to him that, if he will look into the extravagant way in which some of the grants in respect of the big roads are administered, he will find plenty of money for the small temporary needs of the rural district. Last year I asked the Minister of Transport how much he was going to give to the Middlesex County Council for planting trees, and he said it came to £175,000 a mile. [HON. MEMBERS: "What?"] I beg pardon; I have got the answer here. The estimate was £175 a mile for planting trees along 24 miles of arterial roads. There are many ways of finding the small amount of money that is asked for by the rural district councils for this year's grant, by stopping extravagance and taking money which is not going to be spent next year, so that the Chancellor would still be free to take his £12,000,000, or whatever he wants for other purposes.

In conclusion, I would point out the great unfairness that is brought about

by the way in which these big roads are treated. The answer to my hon. Friend the Member for Cirencester (Sir T. Davies) on the 22nd June, which has already been quoted, shows that something like £11,000,000 has been granted for 35,000 miles of road, as compared with £2,500,000 for all the 110,000 or 120,000 miles of unclassified roads in this country. That works out at something like £330, or more, per mile for the first-class roads, while the unclassified roads get less than £20 per mile. That great difference imposes on country and rural districts a very heavy handicap, and I do urge the Government to remember that, if they want cottages built, if they want agriculture helped, if they want business to go on in the country, if they want to get our people back from the towns to the countryside, the chief thing is to reduce the rates, and the best way in which that can be done is by helping to reduce the rates in respect of the roads in our country districts.

MR. TAYLOR: I have considerable sympathy with hon. Members on the other side of the Committee. They are very anxious indeed to promote the maximum degree of economy in connection with our administration, but they all want economy at somebody else's expense. This is the sort of Debate that makes one almost despair of Parliament as an institution for adequately representing public opinion. There is no doubt whatever, from the speeches that have been made on this subject of the raid on the Road Fund in various parts of the House, that if the matter were left to a free and unfettered vote it would be defeated by a very considerable majority. Almost every Member who represents a rural constituency has complained, rightly I think, of the gross unfairness of the present contributions which residents in those communities are called upon to pay towards the maintenance of roads, and the position, so far as urban areas are concerned, is equally serious. It was stated on a previous occasion, by an hon. Member who speaks with great authority on this matter, that the increase in the highway rates in rural areas, taking the country as a whole, had increased from something like 6d. before the War to 6s. in the £ to-day, and that represents a very serious burden upon those communities.

With regard to urban areas, perhaps in some ways the burden is even more disastrous in its results. Unfortunately, we have had unemployment concentrated in many of our industrial areas where great staple industries have been established, and in those urban communities the cost of road making, owing to the growth of motor traffic, has increased enormously. The unclassified roads and the streets of our urban districts are used by motor traffic to an increasing degree, but the Government obtain the whole of the revenue from the receipts of taxation, and most local authorities are facing with a good deal of trepidation the very difficult situation they are in in regard to the enormous increase in local rates, mainly with regard to unclassified roads, for which they receive no grant. The Chancellor of the Exchequer has been compelled to engage in a series of buccaneering expeditions, of which the raid on the Road Fund last year and this year is only one, because he has taken the step of reducing direct taxation to a point below what is justified by the conditions of the country, and if Income Tax and Super-tax payers are to be given the advantage of making a contribution of £42,000,000 a year less to our national revenue the Chancellor is compelled to find the money somewhere.

It seems to me this method of securing temporary revenue is particularly atrocious in the present circumstances. When the Labour party was in office they were harassed from day to day by Members of the party opposite. They were subjected to a great deal of criticism because they were told they were making no contribution whatever to the solution of unemployment. With regard to the position of the party opposite, I should like to stress this side of the problem for their consideration. We have spent something between £300,000,000 and £400,000,000 since the Armistice in unremunerative relief to alleviate the position of those who have been unemployed. This question of road reconstruction, the building of new roads and the erection of new bridges is an area of activity in which the Government is making an immediate and very considerable contribution towards the solution of the problem of unemployment. The right hon. Gentleman the Member for Ross and Cromarty (Mr. Macpherson) in a previous Debate placed before the House

this very significant fact, that 50 per cent. of the money spent on the building of bridges and road maintenance and road construction went directly in the form of wages to British workmen, and some 25 per cent. of the materials used in the construction of those roads and bridges was also made by British workers, so that 75 per cent. of the total amount of money spent on this improvement and construction of new roads went directly in wages and undoubtedly could make an immediate and a considerable contribution towards the solution of the problem of unemployment. It has also been estimated that if the Chancellor of the Exchequer had left the distribution of the Road Fund as it was two or three years ago, if the £25,000,000 or £27,000,000 that he has taken from the fund during the last two years had been left for the purpose for which it was intended, it would have provided work for at least 80,000 men on our roads for a very considerable time. That seems to me to be a side of the problem which the Government have apparently overlooked.

We are continually told that it is the duty of Parliament to do all it can to offer constructive suggestions for alleviating the problem of unemployment. It is sheer, unadulterated hypocrisy for Members opposite, who voted in favour of the Chancellor's action in this matter to pretend that the Government are doing their duty to the unemployed, when you have this kind of thing going on which is directly increasing unemployment, or preventing the absorption of a considerable number of men. There are quite a number of ways in which this money that the Chancellor has secured could have been used with great good to the country and to various local communities. All over the country you have problems arising out of level crossings, which are creating great congestion and delay and involving a considerable amount of waste and expense. You have the question of the difficulties and inconveniences arising out of the number of toll bridges. I understand there are something like 45 or 46 toll bridges on main and secondary roads alone in Great Britain, and the Government are taking no action to remove this prehistoric inconvenience to modern traffic. The Minister of Transport on various occasions has informed us that he is

[Mr. Taylor.]

prepared to deal sympathetically with applications of local authorities in freeing toll bridges, but the majority of these local authorities are not in a position to undertake the very heavy liabilities which would be imposed upon them by the freeing of these bridges, particularly as the freeing of a toll bridge very often brings very small benefit to the particular locality which would have to find such a large portion of the money. Therefore I hope the Committee will assert itself, and that those hon. Members opposite who have spoken so strongly against the Chancellor's action will support the local authorities and for once give us an exhibition of a really free and independent spirit and refuse to march into the Lobby at the dictation of the Party Whips. If it was left to a decision of the Committee without the pressure of the political machine, I am sure the right hon. Gentleman's proposals would be rejected.

Colonel GRETTON: Many of us find the greatest difficulty in accepting this Budget, as I said on its introduction, but this is not the time nor the occasion to discuss the whole policy of finance. We are dealing now entirely with the Road Fund. The hon. Member who has just sat down talked about finding employment for the unemployed. It is a very large item that is constantly being put down in the accounts of the Road Board, and many schemes which to us have seemed extravagant and unnecessary at this period have been justified only on the ground that they are finding employment in time of stress for those who would otherwise be out of work. All the work on the roads, which we are all advocating, is going to find employment. What we are now advocating, I believe with the entire sympathy of hon. Members opposite, is that more should be done by the Road Fund to maintain the roads we have and that less money should be spent on extravagant schemes for the creation of new roads. The Road Fund is constantly increasing by the process of more vehicles paying increased taxation, and that growth of traffic entails constantly increased cost in the maintenance of roads. One of the causes of complaint in country districts is that the grants made for second-class and other roads are often combined with con-

ditions which, in fact, impose upon country districts an additional rate in order to obtain grants. I had a case the other day before the Minister of Transport of the kind of thing that goes on. The corporation of a town desired to widen part of a road leading into the town. It cannot be anticipated that any great volume of heavy traffic will go down the road, because it is a steep gradient and there is an alternative route for heavy traffic, but it was a reasonable and proper proposal, as the town is extending in that direction. The estimated cost of what the corporation desired was about £17,000. They went to the Road Board, who said, "We will not agree at all to your scheme of widening this part of the road only. You must widen the whole road down to the residential part of the town, already built upon, and incur the cost." The result of that action of the Road Board was that the estimated cost was raised to £37,000 or £38,000, and possibly a good deal more for the compensation which would have to be paid.

That is the kind of condition, in face of local experience and knowledge of local requirements, which is so often imposed on the action of the Road Board. These grants should not be combined with onerous conditions which are not necessary and are against local experience, and they should be made for the maintenance of the surface and the foundation of the roads. This question is a very urgent and very

6.0 p.m. vital question to country districts. County districts, many of them, are in a very straitened and impoverished condition. The rates are constantly increasing. I hope the Road Board will not impose new burdens, but will allocate much larger sums to country roads on to which motor traffic is often diverted and cut them all to pieces during alterations to other roads. I hope they will give a generous grant. I hope that the county councils will be able to pay such sums, granted from the Road Fund, as are really needed for the maintenance of roads without conditions imposing increased expenditure upon country districts.

Mr. HASLAM: The question of policy which we are discussing this afternoon is, as I understand it, "Should we or should we not slow up in the development of our

roads?" I will not enter upon technicalities as to whether the transference of this sum from the Road Fund into the Treasury is going to reduce our expenditure or whether it is not. If I understand the policy of the Chancellor of the Exchequer aright it is, that he agrees to the honouring of the commitments of that fund, but, on the other hand, he considers that in the state in which the country now is we should call a halt in the general development of roads which would otherwise have taken place.

Mr. CHURCHILL: Oh, no. Limiting the rate of increase.

Mr. HASLAM: Limiting the rate of increase. I will accept the Chancellor's word on that, but I am one of those who think that this is not a sound policy. I think that in regard to agricultural districts it would be far better policy to go ahead and endeavour really to do something to provide better transport for the agricultural industry. The slowing up and the limiting of the rate of increase this year will undoubtedly mean that the rates will not be kept down. So far, the necessities of the rural roads are so great that the rural district councils in my part of the world, and probably in most parts, are faced with considerable increases of expenditure. The increase of grant which the Chancellor of the Exchequer is proposing this year will not go sufficiently far even to stop that increase.

We have heard a great deal about the rural rates this afternoon in comparison with urban rates, and I should like to point out that many Members seem to be under a certain amount of misapprehension in regard to the relief which rural rates are already getting. It is very frequently stated that in regard to the ordinary rates, the Government come to the assistance of the ratepayers to the extent of 75 per cent. I would like to point out that that is not quite exact, it is indeed far from being exact. It is quite true that under the Rating Relief Act, 1896, the Government undertook to pay part of the rural rates but that was based on the position which existed at that time. The rates have very much increased since then and the contribution remains the same. It now amounts, not to 50 per cent. but to something very much less indeed. The total rural rates

at this moment are something like £14,000,000 and the total Government assistance is somewhere between £4,000,000 and £5,000,000, which is very far, indeed, from being 75 per cent. If that is the case I should like to argue that surely you cannot have a better way of carrying out a policy which was agreed upon by all parties, the policy of 1896, when it was generally agreed that the rural rates were inequitable and unjust, because after all the land is the raw material of the farmer. Would it not be well to endeavour to make some further efforts to reduce the rates which are so heavy with regard to the highways?

In my district the highways rate will increase this year by quite a considerable amount. We have heard that in the old days rates were 6d. and 1s. and that kind of thing. I would like to give some of the figures for the last few years relating to Holncastle District Council, the district which I represent: in 1924-25, £12,728; in 1925-26, £14,373 and in 1926-27, £15,881. That shows a progressive increase, and other rural district councils show similar increases. There is a progressive increase all the way through. The assistance—and I am far from denying that the Government have given considerable assistance—is hardly sufficient to meet the growing demands. Therefore, I should like to associate myself with the protest that has come from these benches with regard to the policy of the Government in reference to the rural roads.

Mr. SHEPPERSON: I want to take some exception, in the first place, to the remarks that fell from my hon. and gallant Friend the Member for the Hulme Division of Manchester (Sir J. Nall) in his reference to the effect of the rates in urban areas compared with the rates in rural areas. I submit to this Committee, very definitely, that the charge in rural areas for the purpose of the maintenance of roads is far greater than in the urban areas. Practically, the whole object of the Amendments moved from this side of the Committee were definitely in the interest of the industry of agriculture. What we require is that the rates on agricultural land should be reduced by means of a grant from the Road Fund. I am perfectly certain that Members on all sides of the Committee, above the Gangway and below the Gangway opposite, as well as those on this side, recog-

[Mr. Shepperson.]

nise the very unfortunate position that agriculture is in at the present time. We are one and all seeking for some remedy for the disease which has overcome it. I want to suggest that one practical remedy for the industry of agriculture is to attempt to decrease the cost of production, and that one practical method of decreasing the cost of production is by the relieving of rates upon agricultural land. I further suggest that a practical method of relieving those rates is to obtain further grants from the Road Fund towards the maintenance of the roads. I want to express my gratitude, as an agriculturist, to the Minister of Transport for the grants he has recently made to the local authorities for the maintenance of roads, and I want to suggest to him that agriculturists—and by agriculturists I do not merely mean the farmers, I include the landlords and the labourers equally—are justified in asking for further assistance.

Let us compare for a moment the roads of to-day with the roads of 50 years ago. Fifty years ago our roads were merely metalled with loose granite and the farm carts and the farm waggons had to roll in the granite. At that time almost the sole user of the roads was the agriculturist himself, and it was only equitable and just that he should bear the cost of the roads. Compare that with the position to-day, where the chief user, and in some cases to the extent of 90 per cent., is the motorist. The agriculturist sees that by means of reinforced concrete and tar macadam and so on these roads are being repaired at very great cost. He knows perfectly well that 90 per cent. of the users of the roads are motorists and realises that it is almost unsafe for him to use the roads. I suggest to the Committee that the farmer has some justification for asking the Chancellor of the Exchequer or the Minister of Transport to see to it that the motor owner who does the damage to the roads, and in respect of which these great costs are incurred, should pay for the damage he does. The motor owner would be justified in replying: "I do pay, at the present time, for the damage I do to the roads." He does pay, but the difficulty is that we in the rural areas are not getting the money, or at least we are not getting sufficient of the money so paid.

I know it is not usual to give a personal example, but I am in a rural area surrounded by rural roads. I have three cars, and I have to pay taxes upon those three cars, but the roads I go on are in no way metalled with tar macadam. They are made of loose granite, and I have to roll down that granite with my motor cars. I am paying heavy rates to the Highway authority for the maintenance of the roads, and I am also paying heavy taxation on the cars, and at the same time I have to do the work myself. I do respectfully suggest to the Committee that I have some cause for complaint. I recognise, and I think every other agriculturist recognises, that, although we are in this unfortunate position and although we are all seeking a remedy, at the present time the Chancellor of the Exchequer is placed in a very difficult position, and we accept the fact that it was essential for the purposes of the financial position that he should raid the Road Fund to the extent of £12,000,000. Accepting that, we make this appeal to the Minister of Transport and to the Chancellor of the Exchequer on behalf of the agriculturists to treat them sympathetically in the future and not to repeat again this raid on the Road Fund. I hope the raid will not increase above the £12,000,000, and that they will consider the rural and agricultural interests by giving further sympathetic grants. I do make that appeal on behalf of agriculture.

Mr. PALING: The last speaker, and the hon. and gallant Member for Burton (Colonel Gretton), asked the Chancellor of the Exchequer not to repeat the raid, and the Chancellor of the Exchequer said, "Not again." He gives a promise with great facility. He would promise anything in order to get his Budget through. I remember, two years ago, when this matter was first mooted, and he got into trouble with his Budget, there were volumes of protest from all over the country and it looked as if a first-class crisis was going to arise in the Tory party when he raided the Road Fund; but he had only to come to this House and make a speech and state that if he had not taken the money from the Road Fund there would have been an increase in the Income Tax, and the protests ceased and the Budget went through. He has come again this year, and raided the

Fund, again there are volumes of protest, and we have had loud protests from the agriculturists, but the hon. Members opposite who have protested will go into the Lobby in support of the right hon. Gentleman. When they make a protest the Chancellor of the Exchequer has only to indicate that he will not do it again, but probably next year he will be in as big a financial crisis as he is this year—we shall always be in financial crises so long as he is Chancellor of the Exchequer—and he will say that the state of the country warrants him in taking the money from the Road Fund, and the Tory party will fall in again if he hints that if he does not take the money from the Road Fund he will have to increase the Income Tax. The Chancellor of the Exchequer does not care twopence for their protests. He knows that he can always bring them to heel, whatever their protests may be.

There is a real question of unemployment connected with this raid of the Road Fund. As a Member for the West Riding of Yorkshire, I know that there are miles upon miles of roads that need remaking and widening, toll bridges which require to be altered and put on a free basis, and bridges that require to be widened. Within nine or ten miles of Doncaster, on one of the main highways to one of our ports, the lorries have to unload on one side of a bridge, take the freight across and load it again on the other side. That has been going on for years, and one of the reasons why the necessary improvement has been held up is because of the lack of money, and it is likely to be held up for years while we have a Chancellor of the Exchequer of the character of the one now holding the office, who takes money for any purpose other than the purpose for which it was contributed. In my own Division, a few weeks ago, we had a case of the widening of a bottle-neck, a very dangerous place, where there have been many accidents. For nearly four years the negotiations have been going on with a view to arranging a compromise as to how much shall be paid by the Government. The Ministry of Transport almost wants to get out of paying anything. We had an inspector down a few months ago and he frankly admitted that because the Road Fund had been raided, the possibility of getting this scheme through had been put

back probably for months and years. That is the kind of thing that is going on all over the country.

The Minister of Transport knows that he has had to turn down dozens and hundreds of schemes up and down the country, dozens from the West Riding, the carrying out of which would have helped to solve the question of unemployment. He knows that he cannot approve the schemes, because the money is not there, and he knows that he has had volumes of protest not only from the West Riding County Council but from nearly every local authority in the West Riding.

Colonel ASHLEY: How can the so-called raid affect this work?

Mr. PALING: I should imagine that it is harder to get the work done when there is no money available than when funds are available. I agree that the agriculturists are in a very serious position, and that the question of rates and roads presses very hardly upon them. They have voiced their protests this afternoon, which reminds me that a week or two ago I had a document sent to me by the East Riding County Council. I will quote two cases from that document. The Howden rural authority, with a population of 13,000, has 22 miles of second-class roads, 73 miles earning special grants, and 131 miles earning no grant at all. The highway expenditure in 1913 amounted to £5,700, and in 1926-27 to £15,802. The total rates in the £ for highway expenditure are 8s. 0½d. The second case is that of the Skirlaugh rural authority with a population of 7,000, 28 miles of second-class roads, 69 miles earning special grant, and 84 miles earning no grant at all: total mileage, 181; highway expenditure in 1913, £6,000; and in 1926, £21,000; with a rate of 10s. 4½d. for highway expenditure.

One frankly admits that when rural districts are faced with these alarming increases, something has to be done. I ask hon. Members opposite who represent agricultural districts, what are they going to do about it? A crisis is arising in agriculture. They cannot get money from the Road Fund because it has been taken for other purposes. The Chancellor of the Exchequer, in the first instance, gave away £42,000,000 to the Income Tax and Super-tax payers. He then found himself in a difficulty, and he had to pinch money from the Road Fund to make it

[Mr. Paling.]

up. Then as a result of pinching money from the Road Fund, the rates in agricultural areas go up, and now those districts are appealing against it and there is a crisis in the agricultural industry. The next thing we shall find will be a demand from the agriculturists that in order to meet the situation the wages of agricultural labourers should come down and their hours of labour should go up. When we get into crises of this description in agriculture, mining or any other industry, that seems to be the only way to solve the problem.

This raid will not only affect the rates, but ultimately the wages of the agricultural labourers. That is the condition into which the country has been brought by this precious Chancellor of the Exchequer, who promised the hon. and gallant Member for Burton that he would not raid the Fund again; but we know that when another big crisis comes, he will do the same thing, and he will threaten his Tory opponents with an alternative increase in the Income Tax, and once again they will go into the Lobby in his support.

Mr. DREWE: Coming as I do from a purely rural area, I feel it is my duty to reinforce what has been said by rural Members, and to press upon the Chancellor of the Exchequer and the Minister of Transport how very seriously this matter is looked upon in our country districts. We are grateful to the Chancellor of the Exchequer for what he has been able to do for us in the past, and we are also grateful for the pledge of the Prime Minister when he visited Cornwall that he is going to give us an extra £500,000. The hon. Member for Doncaster (Mr. Paling) has been abusing the Chancellor of the Exchequer, and saying that agriculture is passing through a crisis. What he did not tell us was that when the Socialist Government were in power they never did anything towards helping agricultural rates out of the Road Fund or in any other way. Under this Government it is the first time that agriculture has been given anything in the way of relief towards rates by maintenance grants from the Road Fund.

There is another side to the picture. The Chancellor of the Exchequer and the Government must be perfectly well aware

that the agricultural industry is in a very desperate position, and it is for that reason that we in agricultural constituencies take this opportunity of urging the Government to try to give us some more relief. The Government have said over and over again that they are sympathetic towards agriculture and would do whatever it is within the power of any Government to do to help the industry, and I maintain that this is an opportunity which is within the power of the Government to give us some relief more than we have enjoyed hitherto. In our farming we are in competition with every country in the world, and if we are to compete we must have no heavier burdens to bear than our competitors overseas. I agree with what has been said that national economy is of the very greatest importance at the present time. We are not asking for any new form of taxation to be raised, and to be devoted to a subsidy for agriculture or anything of that sort. We have been told that even after the £12,000,000 have been taken out of the Road Fund there is still a larger sum to be distributed than there ever has been before. All we are asking is that in rural areas we should get a fair proportion of that increased sum.

The right hon. Member for Wells (Sir R. Sanders), in moving his Amendment, outlined the scale that we propose as representing agricultural constituencies in this party, and what we think is a fair and just scale. We do not think that it is unreasonable to ask the Chancellor of the Exchequer to try to arrange the Road Fund finance so that we get a fair increased share of the increased grant which we understand is to be distributed from the Fund. I am quite certain that last year when the Government gave a grant for the maintenance of our rural roads, and that was the first grant the any Government has given purely towards maintenance, they did it with the intention that it would in some way help to reduce our rural rates. Unfortunately, the cost of upkeep has gone on increasing, and although the £1,250,000 grant which we got last year purely for road maintenance has been very gratefully accepted, it has not done anything in itself to reduce the rates, because the general burden of expenditure has gone on increasing. Some of the rural district councils in my constituency are

particularly agitated over this matter, and one of them, Okehampton District Council which had a rate for road maintenance before the War of 1s. 6d. has now a rate of 4s. in the £. They have decided to stabilise at that figure, although that does not do full justice to the roads. They feel that they would have to go very much higher to do full justice to the roads, but they say that they will stabilise at that amount. I appeal to the Chancellor of the Exchequer on behalf of our rural communities and of agriculture, which everybody must realise is an important industry, to see whether he cannot, even at this late hour, do something to help us still further in our rural areas.

Sir ARCHIBALD SINCLAIR: I wish the Chancellor of the Exchequer had been here all this afternoon. It would have been an education to him to have seen how in every quarter of the Committee, Members of every shade of opinion have denounced this proposal for the raiding of the Road Fund. I say that because last year he stated that public opinion was not merely resigned to the acceptance of these proposals, but that it was gratified and relieved that the proposals had been so moderate, and he added that he had no further designs upon the Road Fund. With this assurance, it is easy to buy off the opposition of hon. Members behind him. They are only too delighted to have an excuse for dropping the rather unpleasant bone of protest in order to catch the shadow which the right hon. Gentleman holds out to them. An hon. Member opposite has said that no work is being held up. He was repeating what the Chancellor of the Exchequer has said; that no work started by the Ministry of Transport has been held up. That is a statement which must be definitely challenged. I have here the Report of the Ministry of Transport for the year 1924-5, and I see that among the works which were then commenced was the road from Perth to Inverness, right through to the North of Scotland to Wick and John o' Groats. That road has been definitely held up on account of the raid on the Road Fund.

The work which has been started is of a most uneconomical kind, because in the county of Sutherland on an isolated stretch of about 10 miles of road £25,000 has been spent. No expenditure could be

more uneconomical than that. If the road is completed it will be worth while, because it will link up the country, but to do an isolated stretch of 10 miles at a cost of £25,000 and then stop—nothing could be more uneconomical. I, therefore, press the Chancellor of the Exchequer to let us know definitely whether this road, which was included in the Schedule of the work for the year 1924-25 is to be completed or not? Then there was the great West Road through the Western Highlands, which was to open up one of the most beautiful areas in the whole of the country for tourist traffic. This would have found employment for large numbers of people in Scotland, and, incidentally, it would have found direct employment for 8,000 men for a year. Is that to be proceeded with?

Colonel ASHLEY: Tenders have gone out for the first section.

Sir A. SINCLAIR: I want to know if that road is going to be completed. The answer of the Minister of Transport may satisfy hon. Members behind him, but it will not satisfy me. Will that road be carried to completion? The head of a great insurance company told me that if the work which was put on foot by the administration of the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George), by the administration of the right hon. Gentleman the Member for Bewdley (Mr. Baldwin) and the administration of the Socialist party in 1924 had been carried out, it would have provided employment for 64,000 men in Scotland for a year. I want to know whether this schedule of work is going to be completed. The right hon. Gentleman the Member for Wells (Sir R. Sanders) who moved the Amendment, told us that there is no need for much more new construction. In the Highlands of Scotland we are far behind the standard which rural England has reached. There is a great need for more construction on roads. You started there after you had got into your stride in England, and there is a great need for more road construction in Scotland in order to bring the standard of Scottish roads up to the standard of English roads. The Chancellor of the Exchequer has said that we have the best roads in the world. As an isolated statement of fact that is perhaps perfectly true, but the last

[Sir A. Sinclair.]

census shows that this country is by far the most densely populated country in the world and, although we have not as many motor cars per head of the population as the United States, we have more motor cars per lineal mile and, therefore, there is a much greater strain on the roads in this country than anywhere else in the world. The Chancellor of the Exchequer also said that the State contribution has kept pace with the development of the roads. As a matter of fact, it has only just kept pace with the actual increase in the number of motor cars, and these motor cars are increasing in size, power and pace, and are more destructive to the roads. It is necessary, therefore, to go in for more expensive methods of construction. Consequently, the State contribution ought to increase at a much more rapid rate than the increase in the number of motor cars.

Nor does this argument allow for the fact that the increase in motor cars is proceeding more rapidly now than it has at any time in recent years, and instead of raiding the Road Fund there is a clear case for a larger expenditure in order to meet the growing destructive power of motor traffic. I agree with what has been said that one of the most important aspects of this question is that the burden of rates in the Highlands of Scotland, as in many parts of England, is now crushing the life out of the countryside. Many hon. Members realise that one of the greatest tasks of statesmanship is to rebuild the countryside of Britain, and nothing is making this harder to do than this crushing burden of the rates. Take the County of Sutherland, into which has been thrown a whole mass of motor cars upon roads which are not yet fitted to bear the burden of this traffic. A penny rate in Sutherlandshire only brings you in £400, and a county like that cannot possibly bear the burden of dealing with this great problem unless you go on and improve the roads right up through the northern counties. The right hon. Member for Wells referred to the action of the Chancellor of the Exchequer as a gigantic act of acquisition, and he said that they were offered a sop of £400,000. That is a precious small sop when it is divided among all the rural districts of

the country, and it is a belated sop, because it is one which was promised us years ago by the Minister of Transport. I do not suggest that the Minister of Transport actually promised us £400,000, but he promised to increase the help to the unclassified roads. The Chancellor of the Exchequer, as if this was one of the fruits of his policy, said, "I have raided the Road Fund," and the implication was: "I am able to give this largely increased sum to the rural roads." As a matter of fact, the very reverse is the case.

This is merely honouring a pledge given by the Minister of Transport on a very small scale, and if it had not been for the raid of the Chancellor of the Exchequer a more substantial sum than £400,000 would have been given to the relief of these roads. Many of the unclassified roads do not earn the grant. If a road stops at a dead-end, although it may go through two or three flourishing villages and serve important little districts, with six or seven different communities, it is not qualified to come in for a grant under the present Regulations of the Minister of Transport. There are many of the important unclassified roads which will not earn this increased grant, this small increase from 25 per cent. to 33½ per cent. which hon. Members opposite are demanding. The hon. and gallant Member for Tiverton (Lieut.-Colonel Acland-Troyte) said he expected more next year, and another hon. Member opposite said that unless they got this £400,000 he would vote against the proposal. We shall watch with interest to see what action they are prepared to take. We have had a long series of speeches from hon. Members opposite and I have no doubt they will look as well in the local newspaper as they have sounded here. But more is necessary. Those who led the rebellion yesterday were a more determined lot of men than those who are leading the rebellion to-day. I warn those who have spoken so eloquently to-day that the effect of their speeches will be largely discounted if, in the event of an unfavourable reply being given by the Chancellor of the Exchequer, to their moderate and meagre demands, they fail to support their speeches by going into the lobby in support of the Amendment.

Mr. CHURCHILL: The Committee will probably feel, in spite of the very spirited speech to which we have just listened, that the subject which has been engaging our attention this afternoon is, to a large extent, exhausted. The Debate has followed the usual course on this occasion. We have had the usual condemnation of extravagance, and the usual demands for expenditure. We have had the usual appeals for this or that part of the country, and the usual condemnation of sops of all kinds, except when they happen to go to the neighbourhood of particular places which are fortunate enough to find a spokesman in this House. I am not able to offer to the Committee any but the main and general reasons to justify the course which the Government have taken. We had a speech earlier in the afternoon from the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George), who presented himself to us in the guise of the unsleeping guardian of hen-roosts, and who delivered a general disquisition upon the importance of roadways. We are at one. There is no doubt whatever that very great and increasing sums should continue to be spent on the development of British roads. I welcome from the right hon. Gentleman, and also from the hon. Member who has just spoken, the admission that our roads are at the present time the best in the world. I am not quite sure that every part of our social and economic arrangements would win such a high place in an international competition. But the roads of Britain are, by general admission, the best in the world, and more is being spent on the development of those roads in proportion to their mileage than is being spent by any country in the world, or, at any rate, in the old world.

When we are asked to say whether the amount which is being spent on roads is sufficient or not, the question cannot be decided actually. It can only be decided in relation to the other requirements of the community. The Government, from their central point of view, are bound to weigh one form of economic activity against another; bound to measure one class of need—urgent, clamant need—against another. It is the duty of the central administration to consider whether it would be wise, for instance, to carry out the full ambitions of the

road enthusiasts and to spend, as we are told, hundreds of millions of pounds in a very short time on our roads, even if to do that we had to raid our Sinking Fund or reduce our armaments below a proper margin of safety, or cripple our education, or hamper our social services. All these questions and issues must be balanced one against the other, and a proper sense of proportion must prevail. We have also to consider the great developments which are taking place in road transport in their repercussions on railway traffic. There is no doubt whatever that the railways, with their £1,200,000,000 of capital and 600,000 employes, are suffering acutely from some forms of the competition of the motor vehicle. I believe, myself, that it should be possible harmoniously to adjust the relative claims of these two forms of transport. Certainly it would be most foolish for us by lending undue emphasis to the one, to inflict untimely and unnecessary curtailment on the other. When, many years ago, we had a fine canal system in this country and railways were introduced, railway development was conducted in such a manner as virtually to destroy, to atrophy, the canal system; whereas it might well have been that the canal system could have played a larger part in the transport system of this country than it does, in fact, play at the present time. All these matters, as I say, must be judged in due proportion and in proper relation from the central point of view. Leaving that general observation, I come to one of a very direct and particular significance, namely, our financial difficulties. We are passing through a time of exceptional financial difficulty.

Mr. J. JONES: And will as long as you are there.

Mr. CHURCHILL: I am very sorry I did not hear what I am sure was the very excellent speech delivered by the hon. Member for Silvertown (Mr. J. Jones), who, I am told, fired the Committee with the liveliest feelings, but I am sure that he would not attach such overweening importance to my personal contribution to our affairs, as to attribute to me all the misfortunes from which we have suffered in the last few years.

Mr. JONES: No, but you are carrying the baby.

Mr. CHURCHILL: I hope I may be allowed to have the baby's bottle, too. At any rate, the fact is that our finance of the last three years has been violently deranged by the coal troubles. Never mind whose fault it was. That is not relevant to any argument I am now unfolding. Our entire finance has been deranged, first, by the subsidy, secondly, by the dispute, and, thirdly, by the aftermath—the consequences—of that dispute, and my object has been this year to try to tide over the extraordinarily difficult period of the aftermath of the great labour and industrial troubles of last year, without either having to make an increase of direct taxation or doing anything to increase the cost of vital necessities to the mass of the people. That is the whole policy which I have endeavoured to pursue, and every shift and expedient to which I have resorted, and legitimately resorted, every device which I have presented to Parliament, has only had that object of enabling us to tide over this period of extreme difficulty. No doubt, the right hon. Gentleman opposite who has been waiting so hungrily all the afternoon for the opportunity of following me will say, "You would have had no trouble; you would have been forced to devise no expedients, if you had merely kept on, or, having taken off, had re-imposed 6d. on the Income Tax." It is quite true that 6d. on the Income Tax, producing over £30,000,000, would have placed me beyond the need of proposing any of these luxury taxes such as betting or making these inroads, which I regret on general grounds, into the Road Fund.

We see the difficulties of the course we have adopted, but do not let it be supposed that the imposition of an additional 6d. upon the Income Tax would be received by the general mass of taxpayers in this country with feelings other than those of the utmost pain and depression. I think to put the standard rate of Income Tax up from 4s. to 4s. 6d., eight years after the War would be a serious step in view of the immense and utterly disproportionate additions which were made during the War period to our direct taxation. To take a backward turn in regard to the standard rate of

Income Tax would strike a blow at the confidence and enterprise of the country of the most serious character. Evil as are the circumstances in which we find ourselves, numerous as are the criticisms which are levelled at the Government, bitten and clawed as their representative is from every side in collecting revenue, I am quite certain the course we have adopted, unfavourable though it may appear, is upon the whole a far easier one than if, economising industry and invention, I had simply resorted to the crude method of marking up the standard rate of the Income Tax.

There is another reason why it would not have been justifiable this year to increase the standard rate. That would be a recurrent imposition. It is a tax which does not reach maturity in the first year, and the reimposition of 6d. would only reach maturity in the second year, and in the second year I should not need it. If we can get through this difficult period, the general revenues of the country give every reason to believe that they will balance expenditure next year. I may possibly have a few more suggestions to make when the time comes to adjust any minor adverse differences which may emerge. There are no grounds, on a general view of the balance of revenue and expenditure, which justify this reimposition and the task which lies before us, and which this Road Fund "acquisition"—I think that was the word my right hon. Friend the Member for Wells (Sir R. Sanders) used—so happily and conveniently discharges—that particular task is essentially one of bridging the gap.

Mr. JONES: Not bridging the road.

Mr. CHURCHILL: Bridging the gap and making a road across the gap, along which the general body of our fellow-countrymen may move forward into an easier and happier year. I have said so much on the general proportion of our road expenditure and so much upon the difficulties of our financial position. There are several Amendments on the Paper which it has been agreed we should discuss on the first Amendment and afterwards dispose of in the shortest possible time. There is the Amendment of the late Financial Secretary to the Treasury costing £9,000,000. There is the Amendment of the right hon. Gentleman the

Member for Carnarvon Boroughs costing £6,000,000, and there is the Amendment of my right hon. Friend opposite costing £12,000,000. I must ask the Committee to reject all those Amendments, but the Amendment to which particularly I would draw the attention of the Committee is that in the name of the right hon. Gentleman the Member for Colne Valley (Mr. Snowden) and its cognate proposal. As far as I can make out, he has borrowed these proposals from some proposals which have been most carefully considered and discussed by the Members on our side of the House who take a particular interest in agriculture. He has, as it is called, "lifted" the entire proposal in its most extreme form and, placing in on the Order Paper, has endeavoured to appropriate whatever support and popularity may be derived therefrom.

The right hon. Gentleman of all men has done this. He has come forward as the champion of the rural authorities. Why, Sir, it is only little more than a year ago when the right hon. Gentleman indulged in one of the most disagreeable diatribes—and believe me, he can make his diatribes very disagreeable when he tries—against the agricultural community that I have ever listened to in the House of Commons. He argued that the Income Tax concession which they have long enjoyed should be taken away or greatly diminished, and he spoke of them, generally, with that sour disfavour which characterises his attitude to that great body of our fellow-countrymen. Mocking his opponents and reproaching them, he described

7.0 p.m. the agriculturists and farmers of this country as the pampered darlings of the Tory party. I believe that is a phrase which has travelled far, and certainly some of my friends have not felt under any obligation to impede its progress. What we are witnessing to-day is the right hon. Gentleman making a desperate effort to retrieve his reputation as the farmer's friend. He wants to make quite sure that, instead of being the pampered darlings of the Tory party, they are his own pampered darlings. I do not believe that these manœuvres will deceive anyone out of this House or in it, and I am quite sure that their crudeness will excite pity and even a certain sentiment of disgust.

But leaving the motives which have animated the right hon. Gentleman and coming to the merits of the Amendment, I can only say its unwisdom is fully in harmony with the motives which have inspired it. This particular Amendment costs £5,500,000; the other Amendment which he has put down would cost £12,000,000. That, of course, would completely destroy the balance of the Budget, and there would be no possibility of our meeting our financial arrangements this year. Passing from that to the roads themselves, what an unthrifty and profuse—I almost said profligate—policy it would be to take £5,500,000 from the surplus and throw it down upon the rural roads without any provision for continuing it in future years. The revenues of the Road Fund in the ordinary course would not suffice to sustain expenditure at that level. To take this money from the reserve fund would no doubt make a splash for the first year, and a great many schemes would be started and hopes excited, but then there would be no continuing revenues to carry the process forward, with the result that waste of the most pitiful character would occur.

I am quite sure that some of this £5,500,000 which the right hon. Gentleman wishes to spend in order to retrieve his character with the agricultural community—and I think it will take all that to do it—could be much better devoted to reducing our National Debt through the medium of the new sinking fund, and thus maintaining the general credit of the country. The right hon. Gentleman's proposal is characterised by another extremely vicious element, namely, the proposal that the grants should in some cases reach a total of 75 per cent. from the National Exchequer, 25 per cent. only being contributed locally. We have already repeatedly examined some of the evil tendencies of the present grant system, and everyone knows, as I have said before in these Debates, that even the 50-50 grant tends to lead to local extravagance and to schemes being pushed forward, not so much because they are necessary or because they are the best, but because, at any rate, pound for pound, they bring additional money into the district. To go and spend £3 of national money to produce the expenditure of £1 of local

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money and to encourage local authorities to plan schemes of that kind is to put forward principles which utterly vitiate every conception of sound finance. It only shows that the right hon. Gentleman, who is always ready to pose as the most austere financier and strict economist, scatters those principles to the wind, like most other Socialists, whenever there is a chance, however brief or improbable, of securing votes.

I leave the right hon. Gentleman and his Amendment and I come to the record of His Majesty's Government upon this question of the rural roads, and in dealing with it I must also ask that this matter should be considered in relation to the general effort we have made to sustain agriculture. It is natural that the Government which owes so much of its support to the rural districts, should feel a special responsibility towards the agricultural community, and we have made a very important contribution to the needs of our greatest industry. Let me just read out—and it may surprise the Committee—the expense which is being provided in this year's Budget for the maintenance of the agricultural community—for the question of our road expenditure in the rural districts must be judged in its general relation. There is the beet sugar subsidy, which reaches a total of £4,500,000 this year; there is £400,000 for education in connection with agriculture, £355,000 for research, £96,000 for livestock improvement, £182,000 for animal diseases, £953,000 for smallholdings—

Mr. J. JONES: On a point of Order. When I spoke on this question of the Road Fund, I was not allowed to introduce any extraneous subject, and I should like to know whether the right hon. Gentleman is in order in introducing agricultural education, which has nothing whatever to do with the Road Fund.

Mr. CHURCHILL: On that point of Order, I think the hon. Member was allowed to go as far back as Julius Cæsar.

The DEPUTY-CHAIRMAN (Captain FitzRoy): The right hon. Gentleman is quite in order in justifying the taking of money from the Road Fund.

Mr. JONES: I only wanted to get it in, that is all.

Mr. CHURCHILL: There is £100,000 for drainage, and £106,000 for miscellaneous services—total £6,692,000. To that should be added the new agricultural rates grants which were introduced in 1923 and are now being provided as a permanence—£3,600,000, making a total of £10,300,000, to which must be added about £700,000 for general expenses, travelling and administration and so forth, making very nearly £11,000,000 which is being provided in the Budget of the present year in aid of agriculture in one form or another—that is to say, we are finding in this Budget a continuing expenditure very nearly equal to the total amount being taken from the Road Fund. I do not say this at all to indicate that we regard our task as finished. On the contrary; the existing conditions of agriculture are causing the deepest concern to His Majesty's Government and it shall be, and is, our ceaseless endeavour to find means—not detrimental or unfair to the rest of the country—by which it may be stimulated and encouraged. This Parliament will certainly not close without further effort to find means which will be, I venture to think, helpful to agriculture and far more useful to the agricultural community than flinging this lump sum, as the right hon. Gentleman proposes, without any prospect of continuance, upon the rural road authorities.

Let us see what we have done during the present Parliament to assist the development of rural roads and to lighten the burden on the country districts. Year by year we have provided £1,250,000 for the improvement of rural roads. That is a continuing provision to supply which the revenues exist. In 1926 we introduced an entirely new form of assistance as regard the unclassified roads in the shape of the 20 per cent. maintenance grant. This grant was estimated to cost £1,400,000, but when it was found that the whole amount would not be required on the 20 per cent. basis, we made, as my hon. Friend has reminded us, a bonus distribution last year of 5 per cent. We have since renewed the same sum of £1,400,000 in the budget of the Ministry of Transport in the present year, but anticipating that more roads will be placed in this category and making some allowance for the growing expenditure on these roads, we estimated that the £1,400,000 provided would not permit of a larger rate of dis-

tribution than last year's figure of 20 per cent. At the same time we have continued the policy of increasing the mileage of the roads in Classes 1 and 2 wherever such increase is justified by the traffic conditions.

We have recently made a fresh departure in raising the maintenance grant for Class 2 roads from 25 per cent. to 33½ per cent., that is, from one-quarter to one-third, with effect from last April. That is an additional concession which my right hon. Friend the Member for Wells asked me to confirm, and which was announced recently by the Prime Minister, and the effect of which is to cost the Road Fund upwards of £500,000 a year. In these ways we have now allocated the whole of the available revenues of the Fund for the year. I certainly had hoped, and it is still my hope, that the increased grant for the Class 2 roads, although by no means satisfying the demands which have been made—and nothing, I suppose, will ever satisfy them—will nevertheless be accepted by all fair-minded people as the most we are able to do in view of the difficult circumstances of the year. I have, however, been pressed by my hon. Friends to endeavour to make some further provision for the scheduled roads. What is there more that I can do? I cannot derange the structure of the Budget, and I do not think I ought to be asked to do so from any quarter in the House. We are doing our very utmost to come through this difficult period, and I am counting on the £12,000,000 from the Road Fund to balance the general finances of the country, and the Government cannot possibly rest content with a lesser sum. It has, however, turned out that the balance of the Road Fund on the 31st March was somewhat in excess of £12,000,000, and with this margin, and taking a somewhat more optimistic view of the Road Fund revenues for the year than I felt justified in taking last April, I think it may be possible to go some way to meet the wishes of my hon. Friends. I shall be glad to accept the Amendment which is on the Paper in the name of the hon. Member for Barnstaple (Sir B. Peto) to the effect that the Exchequer will take no more than the £12,000,000 upon which it is counting, and I propose to spend the additional money which thus becomes available for the further relief of the scheduled roads

by making the distribution even on the greater mileage which we anticipate in the present year a full 25 per cent. instead of the 20 per cent. already announced. That is all I can do at the moment.

Sir BASIL PETO: Could the right hon. Gentleman say what extra sum that would amount to?

Mr. CHURCHILL: I cannot, because it is not possible to estimate exactly what the surplus will be above the total of £12,000,000.

Sir B. PETO: Will it amount to £200,000?

Mr. CHURCHILL: If we were to begin guessing we might easily narrow the field of speculation so that there would be nothing left for the future to disclose. We might find that the revenue of the Fund is greater than we expect or that the disbursements may be less than we are prepared for. If it should turn out that there is a further balance available in this way, I am quite prepared to consider whether some further relief might not be given to the roads in rural areas in one form or another; but it will be impossible to make any statement on that subject until after next January, when we shall know more exactly what the state of the Fund will be. Next year, no doubt, other possibilities will be open, and it is agreed on all sides that in future the emphasis should be laid rather on upkeep than on major works of new construction. We have provided this year for road purposes about £20,000,000, or £2,000,000 more than last year. Next year there should be available for the roads between £2,000,000 and £3,000,000 more. I have no intention of touching that.

It is not the intention of the Government in any way to make further inroads upon the yield of the Motor Licence Duties in the lifetime of the present Parliament. That increase, whatever it may be—and it will certainly be considerable—will be devoted continuously to the development of the roads, rural and urban, according to the best possible scheme. Whatever may be received from these vast revenues, will be used for road purposes, and in particular it will be

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used to assist the local authorities in the ever-increasing burdens which lie upon them.

I have done my best to ease the many difficulties with which we are confronted, and, as far as possible, to bring into harmonious relation the special problems of the rural road authorities and the large general consideration of national finance. I trust that the Committee, which has now examined this matter from so many angles and so thoroughly, will be ready to support the Government in taking this sum of money from the Road Fund, which is an essential part of the general finance of the country.

Mr. SNOWDEN: Every one of the supporters of the Government who have taken part in this discussion has denounced the raid which the right hon. Gentleman has made upon the Road Fund. They may have derived from his concluding remarks sufficient satisfaction to justify them going into the Division Lobby in support of the right hon. Gentleman. The right hon. Gentleman, in the early part of his speech, when he was giving the reasons which in his opinion justified this raid, contributed nothing new to the reasons which he has on many previous occasions placed before the House and Committee. The right hon. Gentleman's reasons fall under three heads. First of all, we have the best roads in the world; we are spending more money on our roads than probably any other country, and therefore that is every justification for him taking this money and which, according to the statement he made in an early part of his speech, is really not needed either for maintenance or for the improvement of roads.

Then he advances the familiar argument that, in considering expenditure on roads, we must have a sense of proportion and that we must not curtail expenditure on other essential public services by spending too much upon the maintenance or improvement of roads. That argument loses all its force when we remember that the Road Fund stands in a special category. The money was raised for one specific purpose. The right hon. Gentleman the Member for Carnarvon (Mr. Lloyd George), in the course of his speech this afternoon, said that users of the road are specially taxed

for the maintenance of the roads, and that, therefore, places this Road Fund in a special category. The money was contributed for a special purpose, and it is not right to use money which has been contributed for a specific object for some other purpose.

The Chancellor of the Exchequer's third argument was the familiar one that the financial position of the country was such that he really must lay his hands upon this fund. I am not going to enter at any length on his denial of responsibility for the present financial position—we have debated that often enough—but, whatever the financial position of the country may be, it does not justify the Chancellor of the Exchequer in taking money which does not belong to him and money which has been contributed, as I say, for a special purpose, and which is still needed for that special purpose. The Chancellor of the Exchequer, anticipating what I might say, referred to the alternative of an increase in the Income Tax, and said that, if he had not come upon this Fund, that increase in the Income Tax would become permanent. Surely the right hon. Gentleman is quite mistaken there. He took off 6d. from the Income Tax two years ago, and, if he had imposed 6d. this year in order to meet the consequences of his reckless finance, and if when better times came he found he no longer needed that extra impost on Income Tax, it would have been just as easy for him to take it off as he found it to be easy two years ago.

There is a further point which the Chancellor of the Exchequer advanced. I am not quite sure whether he repeated it in his speech this afternoon, but he has made it many times on former occasions, namely, that the Road Fund was increasing at such a rate that it was quite impossible to absorb it in road improvements and road maintenance. That point has been dealt with by some hon. Members who have taken part in the Debate this afternoon. Instead, however, of money from this Road Fund being spent usefully in the maintenance and improvement of roads, schemes are being held up all over the country because of the refusal of the Ministry of Transport to make the necessary advances. The Chancellor of the Exchequer further said that, notwithstanding his resolute efforts,

at spending the money, the coffers of the Road Fund were continually overflowing. I have here a letter which was sent by the Ministry of Transport to the West Riding County Council declining to make any allocation from the fund for the purpose of improving a very dangerous bridge which is in their area. The West Riding County Council repeatedly made application to the Ministry of Transport for some assistance, and this is the letter which was recently received from the Ministry of Transport:

"I have to acknowledge receipt of your letters of the 3rd and 8th instant, respectively, enclosing forms together with calculations, specifications"—

and so on—

"with an application for financial assistance from the Road Fund and for sanction for the necessary loan."

Now, this is the point of the letter:

"I regret, however, to inform you that there are at present no funds available from which such assistance can at present be given, but the scheme will be registered with a large number of others and will be considered if and when funds become available."

That letter was written by the Ministry of Transport just before the Chancellor of the Exchequer announced his raid of £12,000,000 upon this Road Fund. Yet the coffers of the Road Fund were overflowing. The funds could not be usefully employed. The public have to be endangered by bridges of this character, because there are no funds available; and this is only one, according to the Ministry of Transport, of a great many others.

The right hon. Gentleman the Member for Wells (Sir R. Sanders) confessed himself this afternoon to be pretty simple in the matter of arithmetic. He said he could not understand the contention which was urged by the Chancellor of the Exchequer that, notwithstanding the fact that he has taken £26,000,000 from the Road Fund during the last few years, there would be quite as much money available as if not a penny of this money had been taken. I place myself in the same school as the right hon. Gentleman the Member for Wells. It does seem to those of us who have not the financial skill of the Chancellor of the Exchequer that, if you take £26,000,000 from a fund which has been allocated for a specific purpose, there must be that sum at least

less available. And that, of course, is the explanation of the Ministry of Transport sending out letters like the one I have quoted, to the effect that they have no money, and that they cannot sanction the loan, and that the public must continue running the danger to their lives and limbs and traffic because of the financial policy of the Chancellor of the Exchequer.

The Chancellor of the Exchequer got quite sarcastic about an Amendment on the Paper which stands in my name and that of my hon Friend the Member for Keighley (Mr. Lees-Smith) and claimed that it was put forward by some group or faction of the Tory party. Those groups in the Tory party now seem to be growing like mushrooms on a summer day. I was not aware that any section of the Tory party had been interested in the proposal which appeared on the Order Paper in the form of the Amendment. As a matter of fact, it is a proposal of the County Councils' Association. The right hon. Gentleman paid particular attention to only one part of that Amendment, the part which proposes that there shall be a grant of 25 per cent. towards the maintenance of the unclassified country roads. It is quite evident that the right hon. Gentleman did not know anything about my Amendment. Those who had prepared his speech for him had evidently not been made acquainted with it. In view of the right hon. Gentleman's criticism of that part of the Amendment, I was amazed to hear a little later in his speech that he is already making a grant of from 20 to 25 per cent. on the class of roads for which I am asking, in this Amendment a specific and regularised grant of 25 per cent.

An observation which I made in the course of the Debates last year has come as a perfect godsend to the Tory party, and I understand it has been very extensively used and quoted upon the Tory platform. I have not the least objection to that statement being quoted, provided it is quoted correctly. I may say that one Tory Member of Parliament has already had to apologise through the local newspaper for having misrepresented and mis-quoted that statement. I only referred to the farmer, but some Tory Members are saying that I referred to the labourer too. The hon. and gallant Member for Bournemouth (Sir H. Croft)

[Mr. Snowden.]

made that statement in Sussex the other day. He said that I stated that the labourer had always been the pampered darling of the Tory party.

Brigadier-General Sir HENRY CROFT: Will the right hon. Gentleman deny that the word "farmer" obviously includes all the parties engaged on the land?

Mr. SNOWDEN: Anybody who heard my statement, or anybody who will read it in connection with the point with which I was dealing—namely, the question of the Income Tax—can place no other construction upon it, if they are honest men, than that I meant the landlord interested in agriculture. I do not see, therefore, why the Chancellor of the Exchequer should have been so sarcastic about that part of the Amendment which proposes that 25 per cent. of the maintenance of unclassified roads should be met from the Road Fund, when he himself a few moments later claimed the credit for himself and for the Ministry of Transport that that was something like the proportion which they were already allocating.

Mr. CHURCHILL: The part I touched upon specially was that dealing with the 75 per cent.

Mr. SNOWDEN: I am quite prepared to justify what I have said about the 75 per cent., 50 per cent., and 25 per cent. I justify the 25 per cent. for unclassified roads on the ground that they are now being used to an ever-increasing extent for motor traffic which does not belong to them. The same thing applies in an increasing degree to the second-class roads for which we are asking 50 per cent. In asking that 25 per cent. of the cost of the unclassified roads should be paid out of national funds, we are not asking for what is more than a reasonable and proportionate contribution from those outside the district who use the roads to an ever-increasing extent.

The Chancellor of the Exchequer, near the end of his speech, tried to meet the objections which have been brought forward in such profusion this afternoon by members of his own party, by making some ambiguous and very indefinite promises in regard to some additional contribution which they may expect from the Road Fund at the end of this year. What is it going to be? If hon. Mem-

bers who have spoken this afternoon, and who have expressed their irritation at the Chancellor's action, are going to be satisfied with what the Chancellor of the Exchequer has promised them, then they can be bought very cheaply. I do not know what this contribution will amount to in the County of Somerset, but I have the figure as to what it will amount to in one of the most important county councils in this country, namely, the West Riding County Council of Yorkshire. They are spending £2,000,000 a year upon their roads.

Sir R. SANDERS: Those roads do not come under the county council; they come under the district councils.

Mr. SNOWDEN: This is a contribution which will be received, not by the county council, but within the area of the county council.

Sir R. SANDERS: It has nothing to do with the £2,000,000 spent by the county council.

Mr. SNOWDEN: I know it has not. Surely that interjection was unnecessary? I showed what was being spent upon the roads in that district, and what is the contribution which is going to come into the area from this grant; and it would amount to £6,000. I repeat, therefore, that if hon. and right hon. Members' objection to the raiding of the Road Fund is going to be met by the concession which the Chancellor of the Exchequer has made, then they can be bought very cheaply.

I have touched on most of the points with which the Chancellor of the Exchequer dealt in his speech. He finished by making a promise that he does not intend to raid the Road Fund again. I would advise him not to be too reckless in his intentions and promises. Some of the promises that he made shortly after he took office have come home to roost. I doubt if a single one has been fulfilled. The right hon. Gentleman is always an optimist. He expects to be in a better financial position next year. I am quite certain of this, that if he is in financial difficulties next year—and it is very likely that he will be not in a very good financial position—if there is anything in the Road Fund he will not be deterred by the statements he has made this afternoon from raiding that fund. The right hon. Gentleman has done a good many things

hensible things during the last few years. The right hon. Gentleman the Member for Wells has moderated his language in this Debate. I remember that a year ago he described the Chancellor of the Exchequer's action as being petty larceny. This afternoon it was a gigantic acquisition of funds, or something of that sort. The right hon. Gentleman the Member for Wells concluded his speech by saying that, if the Chancellor of the Exchequer would make some very moderate concessions which he suggested, he would overlook the raiding of the larger sum. I wonder if the right hon. Gentleman really knew what he was doing. Does he see what all that involved? Last year he described the raid on the Road Fund as larceny; well, I believe larceny is a criminal offence. The right hon. Gentleman has repeated the larceny this year, and the right hon. Gentleman the Member for Wells says that if he will give him a sum of something like £400,000 out of this £12,000,000 he is prepared to condone this felony. It is rather a serious thing for the right hon. Gentleman who is a county magistrate to announce that he is prepared to condone a felony of £12,000,000 on condition that his own district can get a paltry half-a-million or so.

As I said, the Chancellor of the Exchequer has done many discreditable and reprehensible things during the last few years, but he has done nothing so bad as his raid upon the Road Fund. Instead of there being less need for spending money on the road, the need to spend more is increasing every year. An hon. Member who spoke earlier in the Debate this afternoon said that, however necessary or desirable it might be to spend more money on the roads, we could not afford to do it at the present time, and he quoted a Spanish saying that when it rains everyone gets wet. He applied that to the fact that we are in financial difficulties at the present time and that therefore everyone must suffer in consequence. He reminded me of some negro doggerel which would be much more appropriate:

"The rain, it raineth every day,

Upon the just and unjust fellow,

But most it rains upon the just,

Because the unjust's got the just's umbrella."

That all through has been the financial policy of the Chancellor of the Exchequer. He has been letting the rain

fall, not upon those who deserve to get wet, and this is only one illustration of the general policy that he has adopted during these years. He said last year, and he has said the same thing this year, that it was not unpopular, and that there was no opposition to it. But the right hon. Gentleman the Member for Wells began his speech this afternoon by saying that there was the strongest feeling against this proposal in the constituencies. The County Councils' Association, which is composed to a very large extent of Tories, and among whom are many Members who sit on the other side of the House, unanimously passed a resolution condemning this raid. The largest petition presented to the House of Commons in recent years has been presented against this raid on the Road Fund. But the right hon. Gentleman, of course, has brought his supporters to heel. They will go into the Lobby this afternoon, and they will vote in support of this raid. The right hon. Gentleman's first statement in his speech this afternoon was that this subject had been exhausted. This subject has not been exhausted. When the next General Election comes, this will not be one of the least of the counts in the indictment against the Government, and the party opposite will then learn that not the least of those who have contributed to the disaster which will come upon their policy then will be the right hon. Gentleman himself.

Sir R. SANDERS: I have been told that I am ready to condone a felony if I get my price. I think I have got a little more, and, being a man of my word, I ask leave to withdraw my Amendment.

HON. MEMBERS: No!

Lieut.-Colonel WATTS-MORGAN: I want to say an additional word with regard to the County of Glamorgan. We have had already an opportunity of putting the matter in detail before the Prime Minister and the Treasury, and I simply want to place it on record. In addition to the West Riding of Yorkshire, in Glamorgan we have 34 certified estimates drawn up and the plans have been approved of, and we have a very large number of men in each of these localities. We have, in addition to that, 12 schemes which are urgent, where the

[Lieut.-Colonel Watts-Morgan.]

traffic is dangerous, and we have been asking, in all, for a total sum of £700,000 within the last five or six months. This money, we are told to-day, will be held up till January, and our unemployed will have nothing to look forward to. Notwithstanding the statement made that the coffers of the Road Fund have been overflowing in the past, we have been unable to get the money. The result of the holding up this money by the

Treasury will be that we shall be unable to carry on our work unless at the expense of the ratepayers, and I want to protest, on behalf of the Glamorgan County Council, against this diversion of money from the Road Fund, the fund for which it is intended.

Question put, "That these words be there inserted."

The Committee divided: Ayes, 142; Noes, 260.

Division No. 239.]

AYES.

[7.55 p.m.]

Adamson, Rt. Hon. W. (Fife, West)
Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Attles, Clement Richard
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth; Aberlillery)
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Broad, F. A.
Bromfield, William
Bromley, J.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Cape, Thomas
Clowes, S.
Clynes, Rt. Hon. John R.
Compton, Joseph
Connolly, M.
Cove, W. G.
Cowan, D. M. (Scottish Universities)
Dalton, Hugh
Day, Colonel Harry
Dennison, R.
Duckworth, John
Duncan, C.
Dunnico, H.
Edwards, J. Hugh (Accrington)
England, Colonel A.
Evans, Capt. Ernest (Welsh Univer.)
Forrest, W.
Gardner, J. P.
George, Rt. Hon. David Lloyd
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenall, T.
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Griffiths, T. (Monmouth, Pontypool)
Groves, T.

Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Hardie, George D.
Harris, Percy A.
Hayday, Arthur
Henderson, Rt. Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Belisha, Leslie
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Kelly, W. T.
Kennedy, T.
Kenworthy, Lt.-Com. Hon. Joseph M.
Lansbury, George
Lawrence, Susan
Lee, F.
Lindley, F. W.
Lowth, T.
Macdonald, Sir Murdoch (Inverness)
MacLaren, Andrew
Maclean, Nell (Glasgow, Govan)
MacNeill-Welr, L.
March, S.
Maxton, James
Morrison, R. C. (Tottenham, N.)
Murnin, H.
Oliver, George Harold
Palin, John Henry
Paling, W.
Parkinson, John Allen (Wigan)
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Purcell, A. A.
Rees, Sir Beddoe
Richardson, R. (Houghton-la-Spring)
Riley, Ben
Ritson, J.
Robinson, Sir T. (Lancs., Stretford)

Robinson, W. C. (Yorks, W. R., Elland)
Scrymgeour, E.
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Sinclair, Major Sir A. (Calthness)
Slusser, Sir Henry H.
Smillie, Robert
Smith, H. B. Lees (Keighley)
Smith, Rennie (Penistone)
Snell, Harry
Snowden, Rt. Hon. Philip
Sporr, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Strauss, E. A.
Sullivan, Joseph
Sutton, J. E.
Taylor, R. A.
Thomas, Sir Robert John (Anglesey)
Thomson, Trevelyan (Middlesbro, W.)
Thorne, W. (West Ham, Plaistow)
Thurtle, Ernest
Tinker, John Joseph
Townend, A. E.
Trevelyan, Rt. Hon. C. P.
Varley, Frank B.
Viant, S. P.
Wallhead, Richard C.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Webb, Rt. Hon. Sidney
Wedgwood, Rt. Hon. Josiah
Wellcock, Wilfred
Welsh, J. C.
Westwood, J.
Whiteley, W.
Wiggins, William Martin
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, E.)
Williams, Dr. J. H. (Llanelli)
Williams, T. (York, Don Valley)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter
Wright, W.

TELLERS FOR THE AYES.—

Mr. Charles Edwards and Mr. Hayes.

NOES.

Agland-Troyte, Lieut.-Colonel
Atbery, Irving James
Alexander, E. E. (Leyton)
Appin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Viscountess
Atkinson, C.
Caldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Barclay-Harvey, C. M.
Beamish, Rear-Admiral T. P. H.

Beckett, Sir Gervase (Leeds, N.)
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Bentlock, Lord Henry Cavendish
Berry, Sir George
Bethel, A.
Betterton, Henry B.
Birchall, Major J. Dearman
Bird, E. R. (Yorks, W. R., Skipton)
Blundell, F. N.
Boothby, R. J. G.

Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowler, Capt. G. E. W.
Braithwaite, Major A. N.
Brass, Captain W.
Brassey, Sir Leonard
Brittain, Sir Harry
Brookebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Brown-Lindsay, Major H.
Brown, Brig.-Gen. H. C. (Berks, Newb'y)

Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Burman, J. B.
 Burton, Colonel H. W.
 Cadogan, Major Hon. Edward
 Carver, Major W. H.
 Cautley, Sir Henry S.
 Cazalet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colman, N. C. D.
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtauld, Major J. W.
 Cowan, Sir Wm. Henry (Islington, N.)
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Curzon, Captain Viscount
 Davidson, J. (Hertfd, Hemel Hempst'd)
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixey, A. C.
 Drawe, C.
 Ellis, R. G.
 Elveden, Viscount
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fermoy, Lord
 Fielden, E. B.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Frece, Sir Walter de
 Gadle, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gibbs, Col. Rt. Hon. George Abraham
 Grace, John
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotrian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Guinness, Rt. Hon. Walter E.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hall, Capt. W. D. A. (Breckon & Rad.)
 Hannon, Patrick Joseph Henry
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.

Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxi'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Captain H. P.
 Homan, C. W. J.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Hurd, Percy A.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 Kidd, J. (Linlithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Lowe, Sir Francis William
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 MacIntyre, Ian
 McLean, Major A.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.
 Meller, R. J.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streatham)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Morden, Col. W. Grant
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nail, Colonel Sir Joseph
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 Nield, Rt. Hon. Sir Herbert
 Nuttall, Ellis
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Pennefather, Sir John
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.

Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Pliditch, Sir Philip
 Pownall, Sir Assheton
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Remnant, Sir James
 Rentoul, G. S.
 Rice, Sir Frederick
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, Lt.-Col. A. D. McL. (Renfrew, W.)
 Sheffield, Sir Berkeley
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlinton, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Stanley, Lord (Fylde)
 Steel, Major Samuel Strang
 Stuart, Crichton, Lord C.
 Stylos, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Tasker, R. Inigo.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thomson, Rt. Hon. Sir W. Mitchell.
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Vaughan-Morgan, Col. K. P.
 Waddington, R.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, Sir C. H. (Leeds, Central)
 Wilson, R. R. (Stafford, Lichfield)
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Chest'r, Stalyb'dge & Hyde)
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill- (High Peak)
 Wragg, Herbert
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Major Sir George Hennessey and Mr.
 F. C. Thomson.

Mr. WILLIAM GRAHAM: I beg to move, in page 34, line 39, after the word "representing," to insert the words "twenty-five per cent. of."

Question put, "That those words be there inserted."

The Committee divided: Ayes, 143;
 Noes, 253.

Division No. 240.]

AYES.

[8.4 p.m.]

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Attlee, Clement Richard
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abergillery)
 Barnes, A.
 Bate, Joseph
 Beckett, John (Gateshead)
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Broad, F. A.
 Bromfield, William
 Bromley, J.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Bute)
 Buchanan, G.
 Cape, Thomas
 Clowes, S.
 Clynes, Right Hon. John R.
 Compton, Joseph
 Connolly, M.
 Cove, W. G.
 Cowan, D. M. (Scottish Universities)
 Cowan, Sir Wm. Henry (Islington, N.)
 Dalton, Hugh
 Day, Colonel Harry
 Dennison, R.
 Duckworth, John
 Duncan, C.
 Dunnico, H.
 Edwards, C. (Monmouth, Badwelty)
 Edwards, J. Hugh (Accrington)
 England, Colonel A.
 Evans, Capt. Ernest (Welsh Univer.)
 Forrest, W.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Graham, Rt. Hon. Wm. (Edin., Cent.)
 Greenall, T.
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Griffiths, T. (Monmouth, Pontypool)

Groves, T.
 Grundy, T. W.
 Hall, F. (York, W.R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.
 Hayday, Arthur
 Henderson, Right Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 More-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Macdonald, Sir Murdoch (Inverness)
 MacLaren, Andrew
 Maclean, Neil (Glasgow, Govan)
 MacNeill-Welr, L.
 March, S.
 Maxton, James
 Morrison, R. C. (Tottenham, N.)
 Murnin, H.
 Oliver, George Harold
 Pallin, John Henry
 Palling, W.
 Parkinson, John Allen (Wigan)
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.
 Rees, Sir Beddoe
 Richardson, R. (Houghton-le-Spring)
 Riley, Ben
 Ritson, J.
 Robinson, Sir T. (Lancs., Stretford)

Robinson, W. C. (Yorks, W. R., Elland)
 Scrymgeour, E.
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sinclair, Major Sir A. (Caithness)
 Siesser, Sir Henry H.
 Smillie, Robert
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Pensions)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Strauss, E. A.
 Sullivan, Joseph
 Sutton, J. E.
 Taylor, R. A.
 Thomas, Sir Robert John (Anglesey)
 Thomson, Trevelyan (Middlesbro. W.)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Townsend, A. E.
 Trevelyan, Rt. Hon. C. P.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard G.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Westwood, J.
 Wiggins, William Martin
 Williams, C. P. Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Williams, T. (York, Don Valley)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE AYES.—
 Mr. Hayes and Mr. Whiteley.

NOES.

Aeland-Troyte, Lieut.-Colonel
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Applin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astor, Viscountess
 Atkinson, C.
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Barclay-Harvey, C. M.
 Beamish, Rear-Admiral T. P. H.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bentinck, Lord Henry Cavendish-
 Berry, Sir George
 Bethel, A.
 Batterton, Henry B.
 Birchall, Major J. Dearman
 Bird, E. R. (Yorks, W. R., Skipton)
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bower, Col. Sir T. Vansittart
 Bowyer, Capt. G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Brassey, Sir Leonard
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.

Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Burman, J. B.
 Burton, Colonel H. W.
 Cadogan, Major Hon. Edward
 Carver, Major W. H.
 Cautley, Sir Henry S.
 Cazalet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colman, N. C. D.
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtauld, Major J. S.
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)

Curzon, Captain Viscount
 Davidson, J. (Hertf'd, Hemel Hempst'd)
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixey, A. C.
 Drewe, C.
 Ellis, R. G.
 Elveden, Viscount
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fermoy, Lord
 Fielden, E. B.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Frece, Sir Walter de
 Gadle, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Grace, John
 Grant, Sir J. A.

Grattan-Doyle, Sir N.
Greaves-Lord, Sir Walter
Greene, W. P. Crawford
Grenfell, Edward C. (City of London)
Grotrian, H. Brent
Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
Guinness, Rt. Hon. Walter E.
Hacking, Captain Douglas H.
Hall, Lieut.-Col. Sir F. (Dulwich)
Hall, Capt. W. D'A. (Breckon & Rad.)
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Harrison, G. J. C.
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Haslam, Henry C.
Headlam, Lieut.-Colonel C. M.
Henderson, Capt. R. R. (Oxf'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Hensage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Holt, Capt. H. P.
Homan, C. W. J.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hopkins, J. W. W.
Hudson, Capt. A. U. M. (Hackney, N.)
Hudson, R. S. (Cumberland, Whiteh'n)
Hume, Sir G. H.
Hunter-Weston, Lt.-Gen. Sir Aylmer
Hurd, Percy A.
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Jacob, A. E.
James, Lieut.-Colonel Hon. Cuthbert
Jephcott, A. R.
Jones, G. W. H. (Stoke Newington)
Kennedy, A. R. (Preston)
Kidd, J. (Linlithgow)
Kindersley, Major G. M.
King, Commodore Henry Douglas
Kinloch-Cooke, Sir Clement
Knox, Sir Alfred
Lamb, J. O.
Lane Fox, Col. Rt. Hon. George R.
Leigh, Sir John (Clapham)
Lister, Cunliffe, Rt. Hon. Sir Philip
Lloyd, Cyril E. (Dudley)
Loder, J. de V.
Long, Major Eric
Looker, Herbert William
Lougher, Lewis

Lowe, Sir Francis William
Luce, Maj.-Gen. Sir Richard Harman
Lumley, L. R.
Macdonald, Capt. P. D. (I. of W.)
Macdonald, R. (Glasgow, Cathcart)
MacIntyre, Ian
McLean, Major A.
Macnaghten, Hon. Sir Malcolm
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Makins, Brigadier-General E.
Malone, Major P. B.
Manningham-Buller, Sir Mervyn
Margesson, Captain D.
Mason, Lieut.-Col. Glyn K.
Meller, R. J.
Meyer, Sir Frank
Milne, J. S. Wardlaw-
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Mitchell, Sir W. Lane (Streatham)
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Morden, Colonel W. Grant
Morrison-Bell, Sir Arthur Clive
Murchison, Sir Kenneth
Nall, Colonel Sir Joseph
Nelson, Sir Frank
Neville, Sir Reginald J.
Newman, Sir R. H. S. D. L. (Exeter)
Nield, Rt. Hon. Sir Herbert
Nuttall, Ellis
O'Connor, T. J. (Bedford, Luton)
O'Neill, Major Rt. Hon. Hugh
Pennefather, Sir John
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Perring, Sir William George
Peto, G. (Somerset, Frome)
Pilcher, G.
Pilditch, Sir Philip
Pownall, Sir Assheton
Preston, William
Price, Major C. W. M.
Radford, E. A.
Raine, Sir Walter
Ramsden, E.
Rawson, Sir Cooper
Remnant, Sir James
Rentoul, G. S.
Rice, Sir Frederick
Roberts, E. H. G. (Flint)
Roberts, Sir Samuel (Hereford)
Ropner, Major L.
Russell, Alexander West (Tynemouth)

Rye, F. G.
Salmon, Major I.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sassoon, Sir Philip Albert Gustave D.
Savery, S. S.
Scott, Rt. Hon. Sir Leslie
Shaw, Lt.-Col. A.D. McI. (Renfrew, W.)
Sheffield, Sir Berkeley
Skelton, A. N.
Slaney, Major P. Kenyon
Smith, R. W. (Aber'd'n & Kinc'dine, C.)
Smith-Carlington, Neville W.
Smithers, Waldron
Somerville, A. A. (Windsor)
Spender-Clay, Colonel H.
Stanley, Lord (Fyde)
Steel, Major Samuel Strang
Stuart, Hon. J. (Moray and Nairn)
Styles, Captain H. W.
Sueter, Rear-Admiral Murray Fraser
Sugden, Sir Wilfrid
Tasker, R. Inigo.
Thom, Lt.-Col. J. G. (Dumbarton)
Thomson, Rt. Hon. Sir W. Mitchell-
Tinne, J. A.
Titchfield, Major the Marquess of
Vaughan-Morgan, Col. K. P.
Waddington, R.
Wallace, Captain D. E.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watts, Dr. T.
Wells, S. R.
Wheler, Major Sir Granville C. H.
White, Lieut.-Col. Sir G. Dalrymple-
Williams, A. M. (Cornwall, Northern)
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Wilson, Sir C. H. (Leeds, Central)
Wilson, R. R. (Stafford, Lichfield)
Wise, Sir Fredric
Withers, John James
Wolmer, Viscount
Womersley, W. J.
Wood, E. (Chester, Stalyb'ge & Hyde)
Wood, Sir Kingsley (Woolwich, W.)
Wood, Sir S. Hill- (High Peak)
Wragg, Herbert
Yerburgh, Major Robert D. T.

TELLERS FOR THE NOES.—
Mr. F. C. Thomson and Mr. Penny.

Lieut.-Colonel ACLAND-TROYTE: I beg to move, in page 34, line 42, at the end, to insert the words:

"Provided that all commitments of the Road Fund outstanding on the thirty-first day of March, nineteen hundred and twenty-seven, shall, to the extent of twelve million

pounds, be met otherwise than out of the future revenue of the fund."

Question put, "That those words be there inserted."

The Committee divided: Ayes. 143; Noes. 254.

Division No. 241.]

AYES.

[8.14 p.m.]

Acland-Troyte, Lieut.-Colonel
Adamson, Rt. Hon. W. (Fife, West)
Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Attlee, Clement Richard
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Broad, F. A.

Bromfield, William
Bromley, J.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Cape, Thomas
Clowes, S.
Clynes, Rt. Hon. John R.
Compton, Joseph
Connolly, M.
Cove, W. G.
Cowan, D. M. (Scottish Universities)
Dalton, Hugh
Day, Colonel Harry
Dennison, R.

Duckworth, John
Duncan, C.
Dunnico, H.
Edwards, C. (Monmouth, Badwelty)
Edwards, J. Hugh (Accrington)
England, Colonel A.
Evans, Capt. Ernest (Welsh Univer.)
Forrest, W.
Gardner, J. P.
Garro-Jones, Captain G. M.
Gault, Lieut.-Col. Andrew Hamilton
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)

Graham, Rt. Hon. Wm. (Edin., Cent.)
 Greenall, T.
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Griffiths, T. (Monmouth, Pontypool)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.
 Hayday, Arthur
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hore-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Macdonald, Sir Murdoch (Inverness)

MacLaren, Andrew
 Maclean, Nell (Glasgow, Govan)
 MacNeill-Weir, L.
 March, S.
 Maxton, James
 Morrison, R. C. (Tottenham, N.)
 Murnin, H.
 Oliver, George Harold
 Palin, John Henry
 Palling, W.
 Parkinson, John Allen (Wigan)
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.
 Rees, Sir Beddoe
 Richardson, R. (Houghton-le-Spring)
 Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W. R., Elland)
 Scrymgeour, E.
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sinclair, Major Sir A. (Caithness)
 Slessor, Sir Henry H.
 Smillie, Robert
 Smith, H. B. Lees (Keighley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell

Strauss, E. A.
 Sullivan, J.
 Sutton, J. E.
 Taylor, R. A.
 Thomas, Sir Robert John (Anglesey)
 Thomson, Trevelyan (Middlesbro, W.)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Townend, A. E.
 Trevelyan, Rt. Hon. C. P.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Westwood, J.
 Wiggins, William Martin
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, E.)
 Williams, Dr. J. H. (Llanelli)
 Williams, T. (York, Don Valley)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE AYES.—
 Mr. Hayes and Mr. Whiteley.

NOES.

Albery, Irving James
 Alexander, E. E. (Leyton)
 Applin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astor, Viscountess
 Atkinson, C.
 Balfour, George (Hampstead)
 Barclay-Harvey, C. M.
 Beamish, Rear-Admiral T. P. H.
 Bann, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bentinck, Lord Henry Cavendish-
 Berry, Sir George
 Bethel, A.
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Bld, E. R. (Yorks, W. R., Skipton)
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowater, Col. Sir T. Vansittart
 Bowyer, Captain G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Brassey, Sir Leonard
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Burman, J. B.
 Burton, Colonel H. W.
 Cadogan, Major Hon. Edward
 Carver, Major W. H.
 Cautley, Sir Henry S.
 Cazafiet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchhill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril

Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colman, N. C. D.
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtauld, Major J. S.
 Cowan, Sir Wm. Henry (Islington, N.)
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Col. H. (Lindsey, Gainsbro)
 Curzon, Captain Viscount
 Davidson, J. (Hertfd, Hemel Hempst'd)
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixey, A. C.
 Dixon, Captain Rt. Hon. H.
 Drewe, C.
 Ellis, R. G.
 Elveden, Viscount
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Fanshawe, Captain G. D.
 Fermoy, Lord
 Fielden, E. B.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Frece, Sir Walter de
 Gadie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gibbs, Col. Rt. Hon. George Abraham
 Grace, John
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Grotlan, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)

Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hall, Capt. W. D'A. (Brecon & Rad)
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Toines)
 Haslam, Henry C.
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Walter
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Capt. H. P.
 Homan, C. W. J.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Hurd, Percy A.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 Kidd, J. (Llithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Kintoch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)
 Lister, Cunliffe, Rt. Hon. Sir Philip

Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Lowe, Sir Francis William
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 MacIntyre, Ian
 McLean, Major A.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.
 Meller, R. J.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streatham)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Morden, Col. W. Grant
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nall, Colonel Sir Joseph
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Nield, Rt. Hon. Sir Herbert
 Nuttall, Ellis
 O'Connor, T. J. (Bedford, Luton)

O'Neill, Major Rt. Hon. Hugh
 Pennefather, Sir John
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Pilditch, Sir Philip
 Pownall, Sir Ashteton
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Remnant, Sir James
 Rentoul, G. S.
 Rice, Sir Frederick
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Samuel, Samuel (Widsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shaw, Lt.-Col. A. D. McI. (Renfrew, W.)
 Sheffield, Sir Berkeley
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aber'd'n & Kinc'dine, C.)
 Smith-Carlton, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)

Stanley, Lord (Fylde)
 Steel, Major Samuel Strang
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. Walter
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Tasker, R. Inigo.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Vaughan-Morgan, Col. K. P.
 Waddington, R.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, Sir C. H. (Leeds, Central)
 Wilson, R. R. (Stafford, Lichfield)
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Chesh'r, Stalyb'ge & Hyde)
 Wood, Sir Kingsley (Woolwich W.)
 Wood, Sir S. Hill- (High Peak)
 Yerburch, Major Robert D. T.

TELLERS FOR THE NOES.—
 Mr. F. C. Thomson and Mr. Penny.

Sir HENRY CAUTLEY: I beg to move, in page 34, line 42, at the end, to insert the words:

"Provided that such sum shall not exceed twelve million pounds."

I am moving this Amendment on behalf of my hon. Friend the Member for Barnstaple (Sir B. Peto).

Colonel ASHLEY: I can accept this Amendment.

Amendment agreed to.

Motion made, and Question put, "That the Clause, as amended, stand part of the Bill."

The Committee divided: Ayes, 252; Noes, 141.

Division No. 242.]

AYES.

[8.25 p.m.]

Acland-Troyte, Lieut.-Colonel
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Applin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astor, Viscountess
 Atkinson, C.
 Balfour, George (Hampstead)
 Barclay-Harvey, C. M.
 Beamish, Rear-Admiral T. P. H.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bentinck, Lord Henry Cavendish-
 Berry, Sir George
 Bethel, A.
 Betterton, Henry B.
 Birchall, Major J. Dearman
 Bird, E. R. (Yorks, W. R., Skipton)
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowater, Col. Sir T. Vansittart
 Bowyer, Capt. G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Brassey, Sir Leonard
 Brittain, Sir Harry
 Brocklebank, C. E. R.

Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Burman, J. B.
 Burton, Colonel H. W.
 Carver, Major W. H.
 Cautley, Sir Henry S.
 Cazalet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cockerill, Brig.-General Sir George
 Colman, N. C. D.
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtauld, Major J. S.
 Cowan, Sir Wm. Henry (Islington, N.)

Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Col. H. (Lindsey, Gainsbro)
 Curzon, Captain Viscount
 Davidson, J. (Hert'd, Hemel Hempst'd)
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Sir Thomas (Gloucester)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Philip
 Dean, Arthur Wellesley
 Dixey, A. C.
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Ellis, R. G.
 Elveden, Viscount
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fermoy, Lord
 Fielden, E. B.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Freese, Sir Walter de

Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Goff, Sir Park
 Grace, John
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Grotrian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hall, Capt. W. D'A. (Brecon & Rad.)
 Hannon, Patrick Joseph Henry
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Harvey, G. (Lambeth, Kennington)
 Harvey, Major S. E. (Devon, Totnes)
 Haslam, Henry C.
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Hennessy, Major Sir G. R. J.
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Holt, Capt. H. P.
 Homan, C. W. J.
 Hope, Capt. A. O. J. (Warw'k, Nun.)
 Hope, Sir Harry (Forfar)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Hurd, Percy A.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 Kidd, J. (Linfithgow)
 Kindersley, Major G. M.
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. O.
 Lane Fox, Col. Rt. Hon. George R.
 Leigh, Sir John (Clapham)

Lister, Cunliffe, Rt. Hon. Sir Philip
 Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Lowe, Sir Francis William
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 Macintyre, Ian
 McLean, Major A.
 Macnaughten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Mason, Lieut.-Col. Glyn K.
 Meyer, Sir Frank
 Milne, J. S. Wardlaw-
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streatham)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Morden, Colonel Walter Grant
 Morrison-Bell, Sir Arthur Clive
 Murchison, Sir Kenneth
 Nall, Colonel Sir Joseph
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Nield, Rt. Hon. Sir Herbert
 Nuttall, Ellis
 O'Connor, T. J. (Bedford, Luton)
 O'Neill, Major Rt. Hon. Hugh
 Pennefather, Sir John
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, G. (Somerset, Frome)
 Plicher, G.
 Pliditch, Sir Philip
 Pownall, Sir Assheton
 Preston, William
 Price, Major C. W. M.
 Radford, E. A.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Remnant, Sir James
 Rentoul, G. S.
 Rice, Sir Frederick
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)

Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shaw, Lt.-Col. A. D. Mcl. (Renfrew, W.)
 Sheffield, Sir Berkeley
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Steel, Major Samuel Strang
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. W.
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Tasker, R. Inigo.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Vaughan-Morgan, Col. K. P.
 Waddington, R.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple-
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, Sir C. H. (Leeds, Central)
 Wilson, R. R. (Stafford, Lichfield)
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Chesh'r, Stalyb'ge & Hyde)
 Wood, Sir Kingsley (Woolwich W.)
 Wood, Sir S. Hill, (High Peak)
 Wragg, Herbert
 Yerburgh, Major Robert D. T.

TELLERS FOR THE AYES.—
 Captain Lord Stanley and Captain
 Margesson.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Ammon, Charles George
 Attlee, Clement Richard
 Baker, J. (Wolverhampton, Bliston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Barnes, A.
 Bates, Joseph
 Beckett, John (Gateshead)
 Bondfield, Margaret
 Bowerman, Rt. Hon. Charles W.
 Broad, F. A.
 Bromfield, William
 Bromley, J.
 Brown, Ernest (Leith)
 Brown, James (Ayr and Buts)
 Buchanan, G.
 Cape, Thomas
 Clowes, S.
 Clynes, Rt. Hon. John R.

Compton, Joseph
 Connolly, M.
 Cove, W. G.
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Day, Colonel Harry
 Dennison, R.
 Duckworth, John
 Duncan, C.
 Dunnico, H.
 Edwards, J. Hugh (Accrington)
 England, Colonel A.
 Evans Capt. Ernest (Welsh Univer.)
 Forrest, W.
 Gardner, J. P.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Graham, Rt. Hon. Wm. (Edin., Cent.)
 Greenall, T.

Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Griffiths, T. (Monmouth, Pontypool)
 Groves, T.
 Grundy, T. W.
 Hall, F. (York, W.R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hore-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)

Jones, J. J. (West Ham, Silvertown)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Lansbury, George
 Lawrence, Susan
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Macdonald, Sir Murdoch (Invernes)
 MacLaren, Andrew
 Maclean, Nell (Glasgow, Govan)
 MacNeill-Weir, L.
 Macquisten, F. A.
 March, S.
 Maxton, James
 Morrison, R. C. (Tottenham, N.)
 Murnin, H.
 Oliver, George Harold
 Palin, John Henry
 Palling, W.
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.

Rees, Sir Beddoe
 Richardson, R. (Houghton-le-Spring)
 Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W.R., Elland)
 Scrymgeour, E.
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Simon, Rt. Hon. Sir John
 Sinclair, Major Sir A. (Caithness)
 Slesser, Sir Henry H.
 Smillie, Robert
 Smith, H. B. Lees (Keighley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Strauss, E. A.
 Sullivan, Joseph
 Sutton, J. E.
 Taylor, R. A.
 Thomas, Sir Robert John (Anglesey)
 Thomson, Trevelyan (Middlesbro. W.)

Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Townend, A. E.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wellock, Wilfred
 Welsh, J. C.
 Westwood, J.
 Whiteley, W.
 Wiggins, William Martin
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Williams, T. (York, Don Valley)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Allen Parkinson and Mr.
 Charles Edwards.

NEW CLAUSE.—*(Rebate of duty in case of licence taken out for certain motor vehicles in 1927.)*

If any person, having been the holder of a licence for a mechanically-propelled vehicle taken out in the year nineteen hundred and twenty-seven, and charged with duty under paragraph 5 of the Second Schedule to the Finance Act, 120, produces on or before the thirty-first day of January, nineteen hundred and twenty-eight, to the council of the county or county borough with which the vehicle was registered at the time (as the case may be) of the expiration of the licence, or of the surrender or transfer thereof by him, a statutory declaration to the effect—

(a) that during a specified period, which must in the case of a licence taken out before the passing of this Act be a period beginning on some date subsequent to the thirtieth day of April, nineteen hundred and twenty-seven, and ending on the date of the expiration, surrender, or transfer, as the case may be, of the licence, and in the case of a licence taken out after the passing of this Act be the period during which the licence was held by the person making the declaration, the vehicle was used solely by him for the purpose of the conveyance of the produce of, or of articles required for the purposes of, the agricultural land which he occupied and for no other purpose;

(b) that he was during the specified period a person engaged in agriculture;

(c) that the vehicle was during the specified period registered in his name; he shall be entitled to be repaid by the council by way of allowance in respect of the duty paid for the licence the following amount in respect of each complete month comprised in the specified period,—

(i) in the case of a licence taken out for one quarter of the year only or for any less period, a sum equal to one-third of

the difference between the duty payable under the said paragraph (5) on a quarterly licence for the vehicle and the duty which would have been payable on such a licence if the vehicle had been chargeable with duty under the scale contained in the paragraph (c) set out in the Fourth Schedule to this Act;

(ii) in the case of any other licence a sum equal to one-twelfth of the difference between the full annual duty payable on the licence and the full annual duty which would have been payable on the licence if the vehicle had been chargeable with duty under the scale aforesaid.—[Colonel Ashley.]

Brought up, and read the First time.

Colonel ASHLEY: I beg to move, "That the Clause be read a Second time."

The Committee will remember that, during the Debates on the Budget, a Resolution was passed which sought to make level, and, indeed, I hope, does make level, the position of the Scottish farmer as compared with the English farmer. When the Budget was passed last year, owing to conflicting decisions in Courts of law, the Scottish farmer this year was compelled to pay very considerably higher duties for his vans and lorries than the English farmer, and it was considered right and proper to put before the House a Resolution to bring down the Scottish farmer's duties to the level of those paid by the English farmer. That was passed without any discussion worth speaking of, and this apparently rather lengthy and complicated new Clause simply provides machinery whereby the Scottish farmer,

[Colonel Ashley.]
who has already in this year paid an extra duty, should get a refund of that duty, so that he may pay the same amount as the English farmer.

Question put, and agreed to.

Clause read a Second time, and added to the Bill.

NEW CLAUSE.—(*Repeal of Betting Duty.*)

"As from the thirty-first day of October, nineteen hundred and twenty-seven, Part II of the Finance Act, 126 (which imposes a duty on betting and on certificates required in respect of bookmakers' businesses and premises), shall cease to have effect."—
[Mr. Snowden.]

Brought up, and read the First time.

Mr. SNOWDEN: I beg to move, "That the Clause be read a Second time."

This duty was first imposed in the Finance Bill of last year. It met with very strenuous opposition, and the opposition from certain quarters has been continued down to the present time. I remember no new tax that has been proposed in recent years which has united the Opposition as this did. The Chancellor of the Exchequer defended it purely as a revenue tax. Although the opposition to the duty raised a moral objection, the Chancellor denied that any moral issue was involved. "Until," he said, "we have covered the whole country with a network of licensed betting houses, until we have legalised all betting, no moral question can arise." I do not propose to cover at all the ground which was trodden so often during the Debates a year ago. I want to justify this Motion for the repeal of the duty upon the actual experience of 12 months' working of the tax. I am prepared to concede that there was no precedent of a similar tax, and therefore no very reliable data on which to form a judgment or to calculate an estimate. At any rate, reasonable people would have admitted that. But the Chancellor of the Exchequer did not. He proposed, first of all, a uniform duty of 5 per cent. upon all betting, and from all the material that was available he estimated that that would give a yield of £6,000,000. That is the figure he was determined to get. After the introduction of the Budget, and before the Finance

Bill finally passed into law, he amended his proposals, and instead of a 5 per cent. all-round duty—by all-round I mean upon credit transactions and on betting on the racecourse—he submitted a revised rate, and it is very interesting to recall what he said in justifying this new rate.

He said he had better information. He had examined books, he had been able to reach a much safer, surer and stricter estimate than was possible before, and, as the result of this examination of reliable material and sure facts he had come to the conclusion that the original estimate was very much too high and that it would give far more money than he had estimated. He estimated for £6,000,000 and the tax, as first proposed, might raise £10,000,000 or even £18,000,000 and the prospect of a haul like that was one from which he recoiled with horror. Therefore, he proposed to reduce the rate to yield the original sum of £6,000,000. The original estimate was based upon a turnover of £170,000,000, and in order to be on the safe side he took off £50,000,000, which reduced the taxable turnover to 5 per cent., to get the yield of £6,000,000—£120,000,000 at 5 per cent.—which he said he was determined to get. But those further investigations to which I have alluded brought him or his advisers to the conclusion that the turnover was very much larger than the figure he had originally stated, and that instead of a turnover of £170,000,000 it was about £275,000,000, and this new estimate was not the result of conjecture but was, he said, after a close examination of all the available facts. In order to be on the safe side, he reduced the estimated turnover of £275,000,000 to £200,000,000. That was his justification for the reduction of the percentage duty from 5 per cent. to 3½ per cent. upon office betting and 2 per cent. upon racecourse betting. That would give him, he was quite sure, £6,000,000. He said, "It is a sure and certain basis as far as anything can be certain and sure on which we expect to reap this duty." Of course, £200,000,000 at 5 per cent. would have given him £10,000,000. That was the figure from which, I say, the right hon. Gentleman recoiled. He said he did not want to ruin the industry, though why in the name of Heaven betting should be regarded as an industry

I have never been able to understand. Instead of being an industry, it is a parasite upon industry. He did not wish to run the risk of ruining this industry, so he reduced the rate of tax to the figure I have mentioned.

We have had seven months' experience of the duty and, according to the figures given by the right hon. Gentleman a week ago, it has yielded just over £1,250,000. At that rate, the yield for this year will be about £2,500,000, less than half the sum that the Chancellor of the Exchequer estimated with so much certainty and confidence just a year ago. What is one of the main reasons why it failed so lamentably to come up to the Chancellor of the Exchequer's expectations? It was, as I said, sure and certain. I think there is one explanation. In the same reply to which I have referred, the Chancellor stated that the number of licensed bookmakers, that is to say, the number of persons who have taken out licences, is about 14,000. That struck me, when the figure was given, as being very extraordinary. I believe the Committee which inquired into the Betting Duty did not estimate the number of bookmakers of the country at anything like so large a figure. How is it that so many bookmakers' licences have been taken out? The explanation is to be found on the surface. It gives not merely a certain standing—I will not say a certain respectability—but, above all, security to the man who formerly had to do his betting in secret, when he was hunted about from pillar to post by the police. Of course, the licensed bookmaker can only legally do credit betting.

There can be no doubt about it—and I am supported in this by the evidence of a very large number of bookmakers who have written to me from all parts of the country—that men have taken out bookmakers' licences for offices, because you cannot always have a policeman in an office to see what is being done. In these licensed bookmakers' offices, a vast amount of cash betting is being carried on, and upon this no duty is being paid. There is not a day passes but we see in the newspapers reports of bookmakers being brought before the magistrates charged with illegal betting, and in practically every case I have noted that these are licensed bookmakers. A bookmaker wrote to me a week or two ago from a town not 40 miles away and said, "You

can stand in the street of the town any racing day from one till about half-past two, and you will see a constant procession of people going into the licensed bookmakers' offices. They are not going to bet upon credit. They are simply carrying on now, under the shelter of the law, a practice that they formerly carried on in the street." I do not go on the racecourse, but I am told by some people who do that the evasion of the duty on the racecourse is flagrant and obvious to everybody. There can be no other explanation of the fact that the yield of this duty has not come up to 50 per cent. of the Chancellor's confident estimate based upon sure and certain facts. There can be no other possible explanation of the fact that wholesale evasion is going on. I am sure nobody would suppose there is less betting. That I do not think is the explanation. That would be a fatal objection to any tax. Any tax is doomed which is easy of evasion, because those who conform to the tax and legally pay it are being penalised at the expense of those whose consciences are not quite so clear.

Mr. RADFORD: Does the right hon. Gentleman include Super-tax in that category?

Mr. SNOWDEN: We are not dealing with Super-tax at the present time. Unfortunately, I was unable to be here yesterday, but I understand that that question was discussed at very great length, and the opposition which the Chancellor of the Exchequer had to encounter yesterday may account for the fact that he has not yet quite recovered his usual genial spirits and good temper. I could never understand why credit betting should be regarded as creditable and respectable, and why cash betting should be regarded as something which was reprehensible. Betting with cash seems to me to be far more honest and far more respectable than betting, to use the vulgar expression, "on tick!"

I have also seen in the newspapers this very serious matter raised. Credit betting is a very great encouragement to people to indulge in betting far beyond their means, and the fact that we have now 14,000 licensed betting offices in the country must increase the temptation enormously. There was a letter in one of the Yorkshire daily newspapers only two or three days ago in which a man related the case of a young man who had been in-

[Mr. Snowden.]

duced to bet on credit. When he betted in cash a shilling was the extent of his bet, but he began to bet on credit in pounds, and the result was that he got into debt. Persons carrying on this alleged credit betting in licensed offices must be doing two things: carrying on a large amount of cash betting which evades the duty and encouraging a trade which also, I believe is, to a considerable extent, evading the duty. There never has been a duty imposed in recent years which after 12 months' experience has proved to be such a miserable fiasco as this Betting Duty. It was an amateur proposal a year ago. No respectable financier would ever have proposed it when there were orthodox and respectable means still open for raising the revenue that was needed.

Before the right hon. Gentleman came into the House just now, I mentioned that he refused, 12 months ago, to admit that the moral issue was raised. He said the moral issue could be raised if we covered the country with betting houses or if we legalised all betting. The right hon. Gentleman has covered the country with betting houses, 14,000 of them. I believe there are, I am speaking from memory, only about 8,000 parishes in this country, so that, on an average, we have nearly two betting houses for each parish. Therefore, he has raised half the moral issue. What is he going to do? He is faced by the choice of one of two things. It is quite evident that he is not going to get his revenue from this duty. I do not believe that it has reduced betting in the least. If his estimates were so sure and certain twelve months ago, it means that a great deal of betting, the greater part of the betting, is not paying the tax. What is he going to do? The Chairman of the Board of Customs and Excise, in giving evidence before the hon. and learned Member's Committee, was very emphatic that you could not work a duty on betting unless you legalised all betting, and I am sure that there is nobody who has had any practical experience of taxation matters who would not agree with that statement. It is unjust and unfair to tax one form of betting and not to tax the other. Therefore, the right hon. Gentleman must make up his mind. Is he going to allow this wholesale evasion to go on, or is he going to propose an alteration in the law for

the legalising of betting of all forms? If he does that, then, according to what he said last year, he is raising the moral issue. If he raises the moral issue in that form, I can assure him that the opposition which he had to encounter yesterday and to-day from his own supporters will be nothing compared to the opposition that he will have to encounter from most influential sections, politically influential sections in this House.

In basing our case for the repeal of this part of the Finance Bill on financial grounds, I am not receding one iota from the non-financial objections which I raised 12 months ago. I am basing our objection to the continuance of this duty mainly on the ground of its financial failure. In all my experience and knowledge of financial matters, I have never known any such miserable failure as this. Does the Chancellor of the Exchequer fully appreciate the magnitude of his failure and the ridiculous mistake that he made 12 months ago when he so confidently predicted after an examination of books and of all the available material, that he must reduce the duty from 5 per cent. to 3½ per cent. and 2 per cent., or he would get twice or perhaps three times the money that he wanted?

9.0 p.m. Of course, that was the last thing that the Chancellor of the Exchequer wanted. We base our case this evening mainly on the ground that the duty has failed as a fiscal instrument, that it has failed to achieve the one thing for which the Chancellor of the Exchequer said he was imposing it last year, namely, to raise revenue. He may get £2,500,000 this year. Seven of the 12 months have gone, and he has got £1,300,000. I am told by racing men, I do not know myself, that those seven months will be a fair average of the whole 12 months. I know that one of the big races does not come within this period, but others do. At any rate, the Chancellor of the Exchequer will not be justified if he expects to realise a large amount on the average of the past seven months. It is not worth bothering about. It is not worth the outrage which has been committed upon the consciences and the deep convictions of a very large section of the people of this country. The Chancellor of the Exchequer said an hour ago that 6d. on the Income Tax would bring in £32,000,000. It would not bring in anything like that, because

the yield of Income Tax has been going down under the right hon. Gentleman's administration.

Mr. CHURCHILL: Through the existence of the general strike.

Mr. SNOWDEN: If the right hon. Gentleman would only remember his own responsibility for the general strike, he would not be quite so ready to attribute all his misfortunes and the consequences of his own incapacity, to the general strike. He says that £d. on the Income Tax would bring in £32,000,000. Let him say £30,000,000. That is £5,000,000 for every penny on the Income Tax. One halfpenny on the Income Tax would have given him the yield which he will get from the Betting Duty, and one halfpenny on the Income Tax would not have needed the employment of an additional officer of the Revenue Department. It would not have increased the cost of collection by a single farthing. Figures were given some time ago of the number of additional officers who had been employed. If a sufficient number of officers of the Revenue Department were employed in dealing adequately with evasion, the result of their efforts would be more than double the yield of this duty. We base our appeal for the abolition of this duty, without in the least raising our general objection to the duty, mainly on the fact that it has been the most miserable financial failure that was ever proposed by a Chancellor of the Exchequer.

Sir H. CAUTLEY: The right hon. Gentleman the Member for Colne Valley (Mr. Snowden) fills me with amazement. I have always regarded him as one who poses as a model and austere financier and as a purist in financial methods. I suggest that not one Member of this Committee would say that a pure luxury is the very first thing to which a financier of such austerity would turn, and the more readily at the time when the finances of the nation are in sore need and, to gain a small party advantage, throw to the winds all his financial theories of austerity of probity and denounce a tax levied on a commodity that is no good to anybody, except affording a little pleasure, and a useful pleasure, in my opinion. The right hon. Gentleman tells us that the introduction of this duty was an amateurish performance. Is

he aware that every civilised nation in the world has a Betting Duty except the United States of America, and that it is levied on the turnover of the bet. A Betting Duty is levied in the Dominions of Ontario, New South Wales, South Australia, Victoria, Queensland, West Australia, Tasmania, New Zealand, the Cape of Good Hope, the Transvaal, Natal and in Bengal, France, Belgium, Italy, Germany, and Austria.

Mr. COMPTON: What about Moscow?

Sir H. CAUTLEY: I said every civilised nation. What does the right hon. Gentleman mean when he says that this duty is an amateurish performance by the present Chancellor of the Exchequer, when every civilised country in the world except the United States have a Betting Duty; and the United States only avoid it because they are rolling in money and do not need it. Surely, he must withdraw that criticism or I shall not be able to place him on the high pinnacle he has put himself as a financier. The second complaint made against this duty is that it has failed. It was imposed to raise money. First of all, has it failed; and, secondly, is it failing. We are told, not by persons who have investigated the question but by persons and papers who are interested in the betting business, that in this country, where betting is more prevalent than anywhere else, we cannot sustain a tax of 2½ per cent. Is the right hon. Gentleman opposite aware that in Australia, for instance, where they have the totalisator, that before any cost of the apparatus or the expenses incurred are taken, the State steps in and takes no less than 9 per cent. of the total amount of the stake placed and do not pay a single farthing to the expenses, not even towards the cost of the collection. Yet forsooth, if we are to believe the wailings of the bookmakers in this country, this industry—it is an industry so far as they are concerned—cannot stand a tax of 2½ per cent. That is nonsense.

I do not admit for a moment, although I have not the figures with me, that it has failed. I believe the Chancellor of the Exchequer will ultimately get his money, and I believe he will be able to tell the Committee that the receipts are steadily increasing and are likely to increase. It is quite true that the figures of the

[Sir H. Cautley.]
 receipts on the introduction of this duty did not come up to expectation, but there were particular circumstances, patent to everybody who really considers it, to account to that. It was started at a time when this country was suffering directly from the results of the coal strike, when there was less money to spend on all luxuries, and more particularly on this luxury. An attack was made on the duty by the bookmakers, who, in my opinion, have been the worse led section of the community we have ever known. As soon as the duty was put on, what did they do? We had a ridiculous strike of the bookmakers, and the result of their action is that the introduction of the totalisator, which must be anathema if not ruin to them, has been actually brought within the region of practical politics. It is by no means certain that they have not been successful, by the attitude they took in resenting this duty, in preparing the ground ready for the introduction of the totalisator. It looks as though they are going to bring it about.

What was the next thing they did? As soon as the duty was put on they said, "Do not bet with us, do not come to us, do not be so foolish as to bet with us." Was there ever such folly? What would have happened if the brewers, for instance, had taken such a line? They said, "We do not like this duty; we hate it, but we will share it, and in any case the producers will shove it on to the consumers." That is business, at least I am told it is business. What did these silly fellows the bookmakers do? Instead of saying, "Do not bet with us" they would have said, if they had been sensible people, "This 6d. in the £, we can stand it; we do not like it, but we will share it;" knowing that they would be able to pass it on to the consumer. That is what they should have done. The other charges of a bookmaker, his telephones, his travelling expenses, and all his motor cars in getting to the various race-meetings, he charges as expenses against his business, and he gets it through shortening the odds. That is what he ought to have done with this duty. In my opinion it will reach the amount which the Chancellor of the Exchequer has estimated, and more than reach the amount.

The right hon. Gentleman the Member for Colne Valley has called the attention of the Committee to the fact that more bookmakers have taken out licences than was estimated by me in the Report I made as Chairman of the Betting Committee. That is true. I said that the minimum number would be about 10,000. About 14,000 odd have taken out licences. A profit of £250 a year in each case would mean about £3,500,000. The evidence we had was that if the bigger bookmakers make one per cent. profit they are fortunate, the big bookmakers who make one-half per cent. profit say that is all that they want. They said, "How can they pay a tax of 2½ per cent. when they are only making a profit of 1½ per cent.?" The figures I have given show that the total amount of betting, which the Chancellor of the Exchequer estimated at £200,000,000, was a minimum figure, and that considerably more is being staked in this country. If that be so, it is only a question of time before machinery is adopted for the collection of this duty which will work with practically no evasions. I believe a great deal of evasion is going on, but I have not the least doubt the Chancellor of the Exchequer will be able to tell us that the system of collecting the duty is working well.

The only part that is not working well is that which depends on the honesty of the bookmakers in keeping their books and recording the bets which are made. It is true, I believe, that some of the betting that is now done with some bookmakers is done "on the nod" and, instead of entering it in their books, they either carry the transactions in their minds or enter them on papers which are destroyed, and so cheat the revenue. That, however, can be made a very short lived device. The Chancellor has only to ascertain by means of his staff, by detectives or otherwise, that some leading bookmaker is playing this game. That bookmaker can be prosecuted, and when his licence is forfeited it will bring home the risks of the practice to some of these big men and stop this dishonesty. It is the same as all dishonesty in the avoidance of duties on tobacco or other dutiable articles, and can be dealt with in the same way. I have not the least doubt that this evasion can be stopped. There is one line of action in

which, I think, the Chancellor and his advisers have made a mistake, and I say so with a certain amount of egotism, because I advised against this course in my report. I refer to the right hon. Gentleman's differentiation between betting on the racecourse and betting in an office. He made this differentiation with the laudable idea of benefiting race meetings and the owners of racehorses and those who live by race meetings, and he thought it would encourage people to go to the racecourses instead of to the credit offices. That object cannot be attained by a differentiation in the rate of duty. On the contrary, this provision is leading to a certain amount of jugglery among the bookmakers themselves who try to put bets which ought to bear a $3\frac{1}{2}$ per cent. duty on to the 2 per cent. basis.

A reason why this arrangement will not achieve its object is that in both cases the odds are the same. Practically all the betting in credit offices is starting-price betting and the starting price is fixed by the bookmakers on the course. It is difficult to see why people should go to the racecourse and pay all the expenses of doing so in order to bet with the bookmaker there, when they can get the same odds from the bookmaker in the betting offices. Therefore the motive of the Chancellor, while a worthy one in itself, cannot be attained in this way, and I would suggest making the rate $2\frac{1}{2}$ per cent. or 6d. in the £ all the way round. That seems to be the one flaw in the system which the Chancellor has set up. I wish I knew what were the total receipts during the last month. Last month and the present month are, I suppose, the two most favourable months in regard to the amount of betting that takes place. Racing is now in full swing and already I see signs that the bookmakers are repenting of the very foolish course of action which they have hitherto adopted. The receipts from the Betting Duty are, I am informed, steadily increasing, and I believe, if the present rate of increase is maintained, the full anticipated amount will be shown. I would urge the right hon. Gentleman to stick to the duty, which is a duty on a pure luxury. Nobody would be a penny the worse if they did not bet. In fact, people would be better off if they did not bet. I am not, however, an enemy of betting and I go further, per-

haps, than many people because I believe it provides a great change of mind and thought for people who are living monotonous lives.

Mr. WALLHEAD: So does getting drunk.

Sir H. CAUTLEY: I believe it provides a certain amount of healthy amusement within reasonable limits. I have no sympathy with the moral objections to it, but I agree in one respect with the ex-Chancellor of the Exchequer. I agree that ready-money betting is infinitely less dangerous than credit betting to those people who have no sense of moderation. If a man bets on cash terms he has to put up the cash for every bet, but a man who indulges in credit betting and who meets with financial disaster, is tempted to try to retrieve his disasters by plunging beyond his means. In my report I suggested a provision for controlling all betting—putting cash betting on a legal footing and allowing the street bookmaker to have his office, thus freeing our streets from the pest of bookmakers and touts who encourage people to bet who might never do so otherwise. That question, however, does not arise on the present occasion, but I think it is better to raise money by taxing a luxury of this kind rather than by increasing the taxation on necessities or by raising still higher taxes which are already too high.

Mr. JAMES BROWN: I had no intention of taking part in this Debate, but I have been tempted into it by the speech of the hon. and learned Member for East Grinstead (Sir H. Cautley). He has said that betting helps to relieve monotony, or words to that effect. He must not understand the kind of betting that goes on up and down the country. Otherwise he would know that it is the most cruelly monotonous thing that could come into any community—this betting of sixpences and shillings which ought to be devoted to providing food for families and helping to keep the homes of workers. The hon. and learned Member does not attack this duty on moral grounds. I am old-fashioned enough to attack it on moral grounds. I am old-fashioned enough to believe that

“Righteousness exalteth a nation.”

[Mr. J. Brown.]

When we try to get revenue out of such a practice as betting, I believe we are taking a wrong course. I understand the hon. and learned Gentleman thinks that betting can very well be conducted in the betting office without troubling to go to the rac.course. I am sure the promoters of races would have something to say about that. It is on moral grounds that I am attacking this, and I am not grumbling at all about the failure of the Chancellor of the Exchequer in not getting his revenue.

On the whole, it is a decided Godsend that it has not been the success that he predicted, and every hon. Gentleman in this House ought to be very well pleased indeed that there was any chance at all of this duty being a complete failure, so that we might return to the old customs we had before desperate remedies were applied by the Chancellor of the Exchequer. I have always understood betting to be a sin, but it is now made out to be a commodity. Indeed, it is made out to be a luxury and an industry, and we had a peep into the minds of many hon. Gentlemen as to how the business is conducted. I rather think the last speaker tripped over himself when he began to talk about this great business, and how, like any other business, they tried to evade the duty and to make as much out of the concern as possible. It was said that the Betting Duty has not had an opportunity and that the main reason why it has not was because of the great coal stoppage. What does that point to? That it is out of the shillings and sixpences of the ordinary working homes that we are expecting to recoup the revenue, and that, when an industry is paralysed and when lock-outs take place, then the revenue is the sufferer through this Betting Duty. I have no hope at all of getting the Chancellor of the Exchequer to take my view of betting, any more than I have any hope of him and other hon. Gentlemen taking my view of many other things that I hold very strongly indeed.

Sir H. CAUTLEY: Surely, if you tax it, you will reduce it.

Mr. BROWN: That is not your view.

Sir H. CAUTLEY: Yes.

Mr. BROWN: Well, I did not understand from the hon. and learned Gentleman's speech that it was his view that if you taxed it you reduced it. I understood his view was that it was to raise revenue and that every effort would be made to raise it.

Sir H. CAUTLEY: I did not go into the details of the morals of betting. My report showed that if betting is a sin, as the hon. Member says, then I started on the assumption that to stop betting is practically impossible in this country, and the only thing to do is to control it.

Mr. BROWN: I am very sorry I did not get that meaning from what the hon. and learned Gentleman was saying, and, if that be so, I must withdraw some of the remarks I have been making. At any rate, I still adhere to this, that this duty has been imposed and so balanced as to get the highest amount of revenue, and I was saying that I had no hope that my view would be taken by this Committee, or by the Chancellor of the Exchequer. I wish they would. All that I got up to do was to register my protest against the Betting Duty altogether and to express the hope that the revenue will be such that it will not be considered necessary to continue the duty, so that we may get rid of it altogether and resume our old relationships. If we are the only country in the world who does that, I do not think it is any discredit to us. I think the right hon. Gentleman must have made a mistake when he said that all civilised nations other than ourselves and the United States had such a duty. If he will consult the map of Europe, he will see that he left out a good many countries. He did it very cleverly, because he gave six or seven of the Australasian islands and Governments, so that he might swell the total and make it as big as possible, but he was not able to give us so many countries after all. I am sure I could name more countries to the contrary than were named by the right hon. Gentleman. I have now registered my protest and I hope that there will be a vote on this subject. I trust that the country, at any rate, and the great body of opinion which the Chancellor of the Exchequer seems to flout, will bring its weight to bear, and will let the Chancellor of the Exchequer and his supporters know that

there is some morality in the nation which is striving after righteousness, even though it may not yet have attained it.

Mr. WOMERSLEY: I just want to refer to the remarks made by the hon. and learned Member for East Grinstead (Sir H. Cautley) about the Committee over which he presided and their recommendations on the question of ready-money betting. My objection to this Betting Duty is that it does not legalise the whole of the betting which takes place in the country. It legalises one form, and I want to know why it does not go further and legalise ready-money betting and thus do away with what is, after all, a differentiation between the wealthy man and the poor man. In the course of my experience as a magistrate, I have had to sit on the Bench from time to time when these cases of prosecution of people for ready-money betting in the street have been brought up, and it has always appeared to me to be a very unfair thing that men who themselves could, and did, do their betting over the telephone with commission agents should sit and adjudicate and fine men for doing something that they themselves were able to do without being prosecuted.

We had a case in my own district just recently, where a man, who had taken out a licence as a bookmaker, put a plate on his door "Registered bookmaker" and certain working people, thinking that because he was a registered bookmaker and had that plate on his door he was entitled to take bets, went into the office and made ready money bets. A raid was made on the office and the man himself was prosecuted in the Police Court and fined £20, and the punters—the working men who had put their shillings or eighteen pence on—were fined 10s. each for doing so. Further, the office was visited, and the betting slips were taken, and, though the man made a request that he should be allowed to have those slips so that he could do the equitable thing and pay out to the people what they were entitled to, he was not allowed to have them, so I am told, though the Inland Revenue officer came down and charged him duty on the slips. I want to know if that is really British justice? Why should we have one law for the rich and one for the poor? If the Chancellor of the Ex-

chequer thinks it right and proper to make it legal for men to bet on credit over the telephone or on the race-course, why in the world if a man wants to have 1s. on and has the ready money and can afford this little bit of sport, should he run the risk of being hauled to a Police Court and fined 10s. with the probable loss of a day's work? I think that by one stroke of the pen the Chancellor could have done away with a great deal of the opposition to this duty. I have mixed among working people in my own district and many other districts in the country, and they are bitterly opposed to this Betting Duty and are showing it at the by-elections in the way they are voting. The Chancellor of the Exchequer never gave the Opposition a better weapon than he did when he gave them this Betting Duty to play with, and it is being used against the Government. It is being used in the by-elections, and I know the effect which it has had on the votes cast. It is not that the working people object to the duty, what they do object to is this differentiation between the man who passes his shilling in ready money and the man who passes his £10, £20 or perhaps £1,000. It is not in accordance with our sense of British fairplay and justice, and, if the Chancellor deals with this aspect of the duty particularly, he will wipe out much of the opposition of the working classes to it.

Mr. HAYDAY: I intervene for a few moments in this Debate in support of the repeal of this duty, perhaps on different grounds from some of those that have already been mentioned, because I feel, first, that as long as there is a large field of sport you will always have in it a man who desires to lay a wager. I do not think for a moment that heavy taxation will destroy the desire for betting, nor do I think that the absence of taxation will encourage more betting. What I feel about it is the inequality, and the unsatisfactory nature, of the duty itself. A £10 licence is charged to what one may call a struggling bookmaker in the small ring or outside the rings of a racecourse. Now £10 is the cost of a licence in the big ring as well, where bets run into thousands of pounds, perhaps, during the course of the day, as against the odd pounds to the man in the small ring or outside the rings altogether. Now it is

[Mr. Hayday.]

an unfair principle to levy one £10 licence on these two different kinds of bookmakers.

I do not talk of the sense or justice associated with this kind of taxation, because I feel there is money there to be had. I certainly do not look upon the bookmaker as one of the worst types of citizens in this or any other country. I look upon those engaged in that kind of occupation as having at least as high a moral character as those engaged in speculating on the Stock Exchange, or those who make a bet on a tennis court, at a sculling match, or a boxing match, or on greyhound racing after the mechanical hare, and I have found amongst bookmakers citizens of a high type who have generally come forward in aid of those who require financial assistance, men of large heart, many of them men of great vision, but their training has made them men of the world whom the Chancellor of the Exchequer, or the whole of the Civil Service staff, would have to be very clever to catch.

The hon. Member who spoke from the opposite benches said that they believed the duty would reduce the volume of betting, and that if one unlicensed man were prosecuted it would intimidate the rest. No. They are artful men who live on their wits, and though the Chancellor of the Exchequer may be artful, and though he may be credited with being witty and a man of mind and alert, as he may be, when there is injustice in an unequal levying of the duty on a fraternity they are all likely to join together against it. They have a trade union now which is trying to secure that the incidence of that taxation will be a little more equal than it is. I am not one of those who would say that it is bad to tax the turnover in sport and at the same time that it is quite right to tax heavily the beer and alcoholic beverages in the country. Wherever the revenue is available, and if it can be obtained from luxury or any form of enjoyment as against putting an increased volume of taxes on the necessities of life, then my mind is going to turn away from every impost on necessities and towards a greater impost on the luxury side.

One of my constituents made a little statement to me which is typical. He tells me of the difference between the

bookmaker who goes away and the stay-at-home bookmaker—the office man. The hon. Member speaking earlier stated that you have a $3\frac{1}{2}$ per cent. tax on the turnover of the office bookmaker and a 2 per cent. tax on the turnover of the racecourse bookmaker. The hon. Member opposite said that he has an Amendment to make it $2\frac{1}{2}$ per cent. all round. But here is an average statement of the expenses in connection with the two days' race meeting at Newbury. The small bookmaker who goes to that race meeting says that the railway fare for himself and two others to Newbury amounts to £5 10s.; two days' ring and entertainment tax, £6 15s.; two days' cards and marking, £2 3s.; one night hotel for self and two men, £2 5s.; two days' wages for two men—his clerks I suppose—£8. So that the initial cost for two days to this small bookmaker attending at a racecourse is £24 11s. Now that amount is more than the expenses of an office bookmaker for a week in different circumstances. The office bookmaker's rent is £1 per week; wages of his clerk, £5; his telephone charges, 6s., making in all six guineas for one week, as against £24 11s. for the bookmaker going away to the racecourse for two days.

Now the incidence of the levying of a $3\frac{1}{2}$ per cent. duty against 2 per cent for the racecourse bookmaker who may run the risk of catching a stumer and finding himself in the Court—[An Hon. Member: "What is a stumer?"]—I would not like to corrupt my hon. Friends by leading them astray into the realms of racecourse slang. But you will see, at any rate, that there is a just and a right grievance. The best thing to do is to repeal the duty. You may try some other form, and I would not be at all averse from looking at it from the point of view of saying, "If you want £5,000,000 from the bookmakers, let your basis of taxation be a proper licence." I quite agree that, with our present loose method and with the present semi-official recognition of betting, there is a system creeping in which none of us like. I would make it illegal to take a bet from any person under the age of 20, but, unfortunately, in some places bets are taken from children or from young persons before their minds are sufficiently settled to enable them to appreciate the step they are taking.

Street bookmaking has its serious side in many of the poorer quarters. I would

not support that for a moment, because it is that bad moral atmosphere which is created by that early contamination of the mind which makes it impossible for these children as they grow into manhood and womanhood to have a proper idea as to the limits to which they ought to go, or as to whether they should bet at all. I am not therefore, over-stating the case when I say that that is one of the bad sides to the question. I do say, however, that the bookmaking fraternity and the followers of race meetings are, in the main, as good a body of citizens as are those who gamble in stocks and shares. I believe you will never eliminate the desire for wagering. I have heard people who never bet at all say at some particular instant when something is happening, "I will wager you so and so"—even if it be at draughts. Therefore, it is no use starting out with a theory that if you tax high you will kill the incentive to bet, or that if you have no tax at all and fight betting by the weapon of the law you will kill it. You will not do so. Therefore, you had better see whether you cannot have some incidence of licence or taxation which will gain the support of these people, and which will be fair and even in its application all round. Then I think you will stand a much better chance of securing revenue than you will under the present form of taxation which, as I say, is unfair, uneven and unjust in its incidence.

Sir FRANK MEYER: I have some difficulty in addressing the Committee, because I was not here when the discussion opened, and I am not quite sure what was the procedure which you, Sir, laid down. I understand that you laid it down that there should be a discussion on all the Amendments appearing on the Paper in connection with the Betting Duty. May I ask you, Sir, before I proceed any further, whether it is your intention at a later stage to call upon the Amendment which is down in my name?

NEW CLAUSE.—(*Betting Duty—reduction of rate.*)

The CHAIRMAN (Mr. James Hope): I will call the Amendment if the hon. Member thinks it worth while, and if he does not get satisfaction in the course of this discussion. This is not an Amendment to a Clause of the Bill. It is a new Clause, and therefore it is open for general discussion.

Sir F. MEYER: I only wish to safeguard my right to ask for a division, if necessary, of the Committee on my Amendment, because there are certain features in the new Clause which we are now discussing which I should find myself unable to support. I should like, regretfully, to comment on the absence from this debate of the Chancellor of the Exchequer.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): He must be allowed to have some relaxation.

Mr. J. JONES: You were not here to begin with. Why should you regret others being absent?

Sir F. MEYER: I fail to see what that has to do with the hon. Member.

Mr. JONES: It has a lot to do with me. I will tell you later why.

Sir F. MEYER: I say that I regretfully comment on the absence from this debate of the Chancellor of the Exchequer for the reason that this is the first, and probably the only, occasion on which the House will have the opportunity of discussing the very important change in the taxation laws of this country which was made last year by the imposition of the Betting Duty. The duty does not come up under the ordinary Clauses of the Bill. The subject has to be raised by means of a new Clause, and this is the only occasion which we shall have of discussing it. I do think it is important that the Chancellor should realise the different points of view which Members of this House of all parties have on this Betting Duty, and the reasons which they wish to press upon him for making some change. Some people wish to do away with it altogether and others merely wish to change its incidence. No doubt my right hon. Friend opposite will convey to the Chancellor all the opinions which have been and will be expressed in his absence.

I believe the Chancellor is very proud of this child of his, the Betting Duty. From the answers to questions which he has given in the House of Commons at different times during the past few months, and from the answers which he has given to various deputations of book-makers and of Members which have waited upon him, I gather that he is thoroughly satisfied and delighted with

[Sir F. Meyer.] this new child of his. Therefore, I propose to draw the attention of the Committee to what it was the Chancellor last year claimed to be able to do in connection with this duty, and then to compare his prophecies with the actual results which have been achieved. For that purpose I am bound to read to the Committee a very brief extract from the speech which the Chancellor made on the Report stage of this Betting Duty last year. This was the occasion when the right hon. Gentleman was explaining why it was that he intended to reduce the duty from the originally proposed 5 per cent. on turnover to the altered percentage of $3\frac{1}{2}$ per cent. for office betting and 2 per cent. for course betting. The right hon. Gentleman said that when he opened the Budget, he estimated that the turnover on betting was £170,000,000, but that he was advised it would be safer to allow for a shrinkage of betting, owing to the discouragement caused by the duty, to the amount of £50,000,000, which would leave £120,000,000, and that 5 per cent. on that would yield £6,000,000, which was the revenue he estimated. He went on to say:

"That is the amount which I hope to achieve, and which I am determined to achieve, if it is humanly possible."

[An Hon. Member: "That has been read!"] I apologise to the Committee if this has been read, and I will not repeat it. I will just emphasise, however, in order to make a point which I do not think the right hon. Gentleman is desirous of making, that the Chancellor of the Exchequer, when he made the alteration from 5 per cent. to $3\frac{1}{2}$ per cent. and 2 per cent., said definitely that, after careful examination, he now estimated that there would be a much higher turnover. He added that he had examined the bookmakers' books, and was confident that, on the later basis of 2 per cent., he would still get £6,000,000 and, if it had been left at 5 per cent., he would have got £10,000,000. That was in the OFFICIAL REPORT of 15th July, Col. 749, Vol. 198. I admit that the right hon. Gentleman did not say that he would get this £6,000,000 in the next 12 months which followed the examination of the books. He expected to get £6,000,000 in a full year, and £1,500,000 in the few

months ending 31st March, most of which included the winter jumping season.

My figures, and I speak subject to correction, are merely obtained from answers given to questions, mostly asked by the hon. Member for Central Southwark (Colonel Day) and myself. Those figures show that up to 31st March the total receipts from the Betting Duty were as follows: £852,000 from the duty on betting, and £179,500 from the duty in respect of licences issued to bookmakers. The latter figure, I believe, is not quite correct. It was given in January, and there may have been some more licences issued between that time and March. There is nothing in the OFFICIAL REPORT to give me any guidance on the matter. The total is £830,000, which is only just half what the Chancellor estimated that he would get between November and 31st March. That is down 50 per cent. Since then, he has received in April, £259,000, and in May, £289,000. We have not yet got the figures for June, though I was hoping we should have had them in to-night's discussion.

The net result is that for a period of seven months the Chancellor has collected, approximately, £1,400,000. Allowing still five months of flat racing to complete the period of 12 months of the imposition of the duty, he would be extraordinarily optimistic who would suggest that the Chancellor could possibly get a total of £3,000,000 during those 12 months. It would surprise the Committee to find satisfactory figures for the month of June. I gathered from something the right hon. Gentleman said to me in a friendly spirit, when passing the other day, that that was so, and that the figures were likely to be very good. If, however, he takes the figures for June as being any indication whatever of the likely yield of the duty for a period of months, he is living in a fool's paradise. During the month of June betting is different from any other month. To start with, you have the Derby, which is a race which is betted on by tens and hundreds of thousands of people, who do not bet on any other race. Owing to the booming of the Press and the facilities for transport, it is very largely attended by people who do not bet on anything else.

Mr. McNEILL: I am very anxious to understand the hon. Gentleman's argu-

ment. Is his argument that a tax is unjustified if, in any year, the revenue from it happens to be over-estimated?

Sir F. MEYER: I am most anxious to reply and not to keep the right hon. Gentleman in the dark as to what is my argument. I intend to develop it in a very few minutes, based on the discrepancy in the figures. If the Chancellor of the Exchequer thinks that the figures which he is going to give us for June, are any indication of the average, he is likely to be misled. Ascot is another meeting in June, which is very much boomed in the newspapers, and to which people go who do not follow racing. Thousands of people attend there, from the social point of view, and, when they get there, they have a bet and perhaps it is the only one which they have during the year. Coming to the argument which I found on the great discrepancy between the Chancellor of the Exchequer's figures and the actual amount he is likely to get, I ask, What is the reason why this has fallen so considerably below his estimate? Is it because his estimate of turnover of £275,000,000 was wrong? If that was so, he was wrong by 50 per cent. Will he come forward and seriously tell us that his estimate, which was based on a careful examination of many of the leading bookmakers' accounts, was wrong to that extent? He cannot say that. Is the discrepancy due to the enormous reduction in the volume of betting? When he said that the £275,000,000 might be reduced to £200,000,000 by the operation of the duty, was he wrong? Has it been reduced to about £1,000,000, or by 50 per cent.? That is obviously incapable of proof, one way or another. Anybody would be very bold who would suggest that the amount of betting is only half what it was last year. The only solution which reasonable people can agree to as to the reason for this 50 per cent. reduction is patent. It is evasion. Evasion is going on right and left. It is a very difficult thing to prove, but anybody who is taking any interest in this subject and has discussed it at all with people who go racing, with bookmakers, backers, and sporting people generally, knows perfectly well that the amount of evasion going on is immense.

It is never a very gracious task to remind the Minister, or a Committee, of

remarks which one has made on a previous occasion, and to say, "I told you so." I think I am justified, on this occasion, in reminding the Committee that last year, on the Report stage, when I raised this matter I told the Chancellor of the Exchequer that his only chance of collecting a good revenue for this duty, anywhere near his estimate, was to get the good will of the bookmakers; and that the only way to get their good will was by fixing the tax at a rate which they conceived they would be able to pay. After all, the right hon. Gentleman has made the bookmakers his unpaid tax collectors. That cannot be questioned. He has put them in a most extraordinary position. They are unpaid, but they have to collect the tax, because he told us again and again last year that he did not expect the bookmaker to pay, but the backer. He has imposed on the bookmakers a duty at a rate which they say they cannot pay and, as a result, they are evading. When I told the right hon. Gentleman last year that they would evade it, he laughed me to scorn, and told me that the Inland Revenue were up to a trick or two, and would not be bamboozled as easily as that. He said:

"The hon. Member for Great Yarmouth told us how if he were not a moral and respectable Member of Parliament"—

I appreciate the compliment—

"he would evade this duty."

He briefly referred to a method which I put forward last year as to how it would be easy to evade the duty. Then he said:

"Really, I hope hon. Members will give His Majesty's Customs and Excise credit for being a little more up-to-date than would be supposed by a question like that. How is it supposed that we collect the vast revenue of this country? It is because we deal by samples with classes of goods. Wherever we find fraud or evasion we punish. This is not only the result of the activities of the Customs and Excise officials. The information on which we act nearly always comes from the trade itself. When an honest trader, and an honest bookmaker, sees himself being underest - and book-keepers are just as honest as anybody else"—

and I heartily re-echo that statement—

"by the dishonest trader, he never hesitates to give information. If a systematic method of defrauding the revenue, such as the hon. Member suggests, was in practice in any bookmaker's office, there is not a single clerk who would not know about it,

[Sir F. Meyer.]

and, if he were dismissed, he would give information and we should act upon it."—
[OFFICIAL REPORT, 15th July, 1926; col. 576, Vol. 198.]

The right hon. Gentleman is relying on spies in the offices of bookmakers and on bookmakers giving information about each other. If he is relying on that he is relying on a very broken reed. I consider that bookmakers are an honest class, so that the Committee will not misunderstand me when I say that there is honour among thieves. I am not suggesting that they are thieves, but they have made up their minds that they cannot pay the duty or get it out of their clients, and the only way they can carry on their trade is by evading the duty. The best class of bookmakers, the men who keep their books carefully, who have them audited by chartered accountants, who give a proper and accurate return, who pay their debts and never defraud their clients, although many keep them waiting a long time, and they have had debts—that class of bookmaker is paying the duty faithfully. But there are hundreds and thousands who change their addresses, who spend large sums in advertising and disappear and defraud their clients, and they are evading the duty the whole time. That is the real basis and ground of the grievance I have against the duty. I have no sympathy with those who oppose the duty on the moral issue. I cannot adopt so high a moral attitude as to say that three or four million of my fellow countrymen are immoral and sinful. I have never said that this duty would ruin racing or horse-breeding; that is a gross exaggeration. But it is a scandalous thing to impose a tax which penalises the honest man and which makes people become tax-collectors without regulating the industry in a proper way.

This duty has been conceived on an entirely wrong basis. I do not want to take up the time of the Committee by suggesting an alternative method. I have sympathy with the ideas which were put forward by the hon. Member for Nottingham West (Mr. Hayday), who suggested that by a system of graduated licences on bookmakers according to the size of their offices and so on, you could prevent evasion. We might get £3,000,000 in that way, even if we did not get the £6,000,000 which, I believe, the Chancellor of the Exchequer will never get.

I would draw the attention of the right hon. Gentleman to remarks which were made in another place during the debates some weeks ago on this matter, when a Noble Lord brought in a Bill to licence cash betting. In the course of that debate, two Noble Lords, who are stewards of the Jockey Club, one of them the senior steward, and both of them men of the highest repute in racing circles, clearly and specifically criticised the Government because, under this duty, they said to the public and the bookmaker, "We give licences; anybody can have licences; we use bookmakers as tax collectors, but we are in no way responsible as to whether they are honest and pay their debts and whether they are the sort of people who ought to have licences." They said it was a scandal that bookmakers, whom they had again and again warned off Newmarket Heath because they defrauded their clients, can get from the Government a licence which induces people to bet with them.

The right hon. Gentleman the Chancellor of the Exchequer said last year that the giving of a Government licence was not giving a guarantee of a bookmaker. Of course it is not. But, in the eyes of the ordinary man-in-the-street, not the man who is acquainted with racecourses, but the man who does not know much about these things, the fact that a man has been able to get a £10 Government licence does give him a standing which will induce people to bet with him, which they would not do with a man who had been warned off many racecourses. I think the present method of collecting the duty leads to contempt of the law. The duty is evaded on a large scale, and it cannot be enforced. There is no other tax similar to this that has ever been imposed in any other country. The tax raised by means of the totalisator is a different method, and the taxing of cash betting is different. How can you tax the amount that is agreed upon in the course of a telephone conversation and be certain that you are taxing it correctly? If I ring up my bookmaker and put a £10 bet on a horse by telephone, it is only by an honourable agreement between us that he pays me if I win, and I pay him if I lose. You are taxing a contract which is not enforceable, and you will never prevent evasion if you do it in that way. The right hon. Gentleman may be very pleased that he

is to get approximately £3,000,000 out of this duty, and I would like him to get more; but I should like to see the duty paid equally by all who take part in bookmaking. I strongly urge the right hon. Gentleman that he should reconsider the whole position, and see if he cannot get the money in future years by a method which lends itself less to evasion and dishonesty.

Mr. CHURCHILL: The hon. Member who has just spoken has given us a renewal of the views which he expressed a year ago when this duty was under discussion in the House, and he has shown that he remains of the same hostile opinion about the duty which he expressed in the days when it was first being debated. No one, therefore, can accuse him of any inconsistency in the matter. But I must avow that I, too, have retained the same opinions about this duty which I expressed last year. In a very few words I am going to address myself to some of the principal questions which may be asked upon this subject. One of the first charges made against this tax was that it would prove unworkable. There is no truth in that. We know already that it will not prove unworkable. It may prove inconvenient to some, it may prove unpopular with some, it may not yield the full financial results which we expected from it; but it is not unworkable. The tax has worked smoothly both on the course and in the office. There has been no difficulty in working it on the race-course. No large addition has been required to the staff of the Customs. The tax has passed into administrative operation with hardly a jar so far as the machinery of the State is concerned.

Then the question is raised, Has the tax decreased betting? I am afraid I cannot give an absolute answer to that. It may have decreased to some extent the volume of betting by professional punters or backers. It may be that some of those who were accustomed to bet upon horses without ever going to see a race run may have been deterred by the deadweight charge of the tax on turnover from continuing their indulgence. I have received letters from persons of both sexes, on the whole the ladies predominating, to say they intend to give up betting in view of the fact that on

a very large number of transactions they have shown only a small balance, and that small balance has been absorbed by the tax collector. I have always written to those ladies or gentlemen, as the case may be—[*Interruption*].—I was making no reference to the Noble Lady the Member for Sutton (Viscountess Astor); I know she represents women, but in this case I was not referring to her. I have always encouraged them to persist in their resolution to discard betting, because, although the Revenue might lose on the cessation of their operations on the turf, I am quite sure it will gain by their increased activities in other directions. It may be there has been a certain check to betting. If so, my sorrows on the Exchequer account are to some extent assuaged by my satisfaction as a moral reformer.

The more serious question is, Has the tax increased illegal betting? That is a sphere into which I cannot attempt to enter at the present time. I am not at all sure that it has increased illegal betting. At any rate, the great mass of bookmakers who have registered themselves have placed us in possession of a great deal of information. We have been furnished with their accounts and their methods of doing business. Some of them have returned not merely the profits of their legal transactions, but also the profits of their illegal transactions, and have desired to pay tax upon them also. No reasonable offer is refused. There is no evidence at present to show that there has been a large diversion, or any appreciable diversion, of betting from legal to illegal channels, from credit to cash transactions. It is quite possible that a certain number of transactions take place which do not always reach the ears of the Revenue authorities, and, as my hon. Friend who spoke last reminded us, conversations over the telephone are not always capable of being brought with certitude to the ear of the Revenue officials.

The question also arises as to how far it will be necessary to modify the Revenue estimates of this tax. By the end of June the tax had yielded about £1,750,000, but the month of June alone realised £350,000.

Sir F. MEYER: The figures which the right hon. Gentleman has just given do

[Sir F. Meyer.]

not in any way tally with the monthly figures given in his answers to questions over the last eight months. I have carefully taken them down and added them up, and they amount to considerably less.

Mr. CHURCHILL: The total yield from November to May amounted to £1,379,000, to which we add £356,000 for June, which makes approximately £1,750,000.

Sir F. MEYER: Including bookmakers' licences?

Mr. CHURCHILL: Yes. Let us see how far the duty has been productive in the present year. In April, the yield was £255,000, in May, £289,000, and in June, £356,000, so that in the first three months of the present financial year—the first quarter—it has yielded £900,000. I agree that it is perfectly clear that it is not going to produce a sum of £6,000,000 in the year, but it was admitted from the very beginning that this duty was speculative in its character, and was of an experimental nature. It seems to be probable that the duty will yield between £3,000,000 and £4,000,000 in the present year, and, if we had adhered to the original estimate of turnover, and had imposed a tax at the present rates, that tax would have yielded £3,600,000 in a full year. We were induced to modify and mitigate the tax—to reduce it to $3\frac{1}{2}$ per cent. in regard to offices, and to 2 per cent. on the course; and, in consequence, the high yield has fallen off. But still, if the tax yields £3,500,000, that is a very ample and important contribution to the Revenue, gained as it is by the taxation of a luxury and a pleasure the diminution of which could not possibly carry with it the slightest injury to the general well-being of the country.

Has the tax injured sport? There I think there is no doubt that no evil effects such as were prophesied have occurred. It is quite true that the attendances this year are not so good as they were in the comparable months of 1925—I do not think it would be fair to make a comparison with 1926, when everything was paralysed by the strike. The attendances are somewhat below that figure. [An Hon. Member: "The weather."] The weather is always bad.

If we look at the statistics, we shall see that the incidence of the tax was not the only factor. For instance, take three periods. The first is the pre-duty period, from 4th May, 1926, the first day of the general strike, to 31st October, just before the imposition of the duty. The drop in comparison with the corresponding period of 1925 was 14·2 per cent. From 1st November, 1926, to 28th February, 1927, the drop in comparison with the corresponding period of 1925-6 was 18·6 per cent. From 1st March, 1927, to 31st May, 1927, the drop in comparison with the corresponding period of 1926 was 2·9 per cent., and with 1925 7·6 per cent. Thus in the six months before the Betting Duty the decline in gate receipts was 14·2 per cent., which was no doubt largely due to the strike and the coal dispute. In the four months after the imposition of the duty the decline is 18·6 per cent. This period included only the final month, November, 1926, of the coal dispute. In the remaining three months the consuming power was little better than during the dispute itself and expenditure was still greatly restricted. In the following three months, which included over two months of the flat racing season of 1927, the decline was 2·9 per cent. in comparison with 1926 and only 7·6 per cent. in comparison with the normal year of 1925. It is also a fact that for some years past the attendances at race meetings have shown a slightly downward tendency. But it is very remarkable that where you have the great South-country meetings you have had very large attendances, and where the meetings have been held in districts where the pinch of the industrial trouble has made itself felt there has been a marked falling off—a very explicable falling off—in spending power. As for Epsom, this year it eclipsed all records. The attendances exceeded by 33 per cent. the attendance of 1925 and still further exceeded the attendance of last year. It is perfectly impossible for anyone to contend that there has been any fatal blow struck at sport.

Mr. BLUNDELL: The figures the right hon. Gentleman has given do not apply to coursing?

Mr. CHURCHILL: We are going to have a special discussion on coursing later on. When you turn from the attendance at race meetings to the prices

realised for bloodstock, the sales at Newmarket in December, 1926, and in April and June of the present year show average prices in excess of those obtained at the corresponding sales in 1925 and 1926. There is a slight falling off in the Entertainment Tax, but nothing appreciable. There is no appreciable alteration in the postal revenue, as far as you can trace the results that belong to the betting traffic, there has been no undue charge thrown upon the public in the cost of collection and there is no reason to suppose that the estimated annual cost of £150,000 furnished to the Select Committee of 1923 will be vitiated. The conclusion is that neither in the reaction of this Betting Duty other branches of State revenue or expenditure, nor in its effect upon racing or the breeding industry, can any case be shown for throwing away or diminishing the appreciable revenue which will certainly be derived from this tax. As for the bookmakers I entirely agree with my hon. and learned Friend who spoke earlier in the debate, the Member for East Grinstead (Sir H. Cautley), when he said they had conducted their affairs with extreme unwisdom. They have done their utmost to alarm people about the working of the tax, to make out that it would no longer be advisable for people to continue the habit of betting. Having done everything they could to cry down betting and discredit the Betting Duty, nevertheless, in spite of having conducted their affairs with so much unwisdom, I gather that a great many of them have not found any reason to retire from the profession. For instance, one must really judge by what people say about themselves. Here is an advertisement taken from the "Sporting Life" of the 3rd of June headed "Duggie Never Owes."

Mr. BUCHANAN: Doogie—your training in Dundee ought to have told you that.

Mr. CHURCHILL: I did not wish to cause any offence to his clients. The advertisement, which is a very striking feature, says:

"Our clients won upwards of £100,000 from us over the Derby. Our winning vouchers, like bank notes, were redeemed immediately. Thousands came and saw these proofs that Duggie never owes. Our resources enable us cheerfully to meet all obligations. Years ago we announced that £100,000 reserve was in our bank. Nowa-

days even that sum pales into insignificance! The Press has said that our 'stability is as impregnable as the rock of Gibraltar.' Eventually! Why not now? Write to-day—don't delay."

Sir F. MEYER: Has the right hon. Gentleman collected the tax on the £100,000?

Mr. CHURCHILL: A more remarkable advertisement is furnished by Mr. J. John, who gave evidence before us and certainly predicted that the imposition of the duty would mean the complete ruin of the business which he conducted. His advertisement appeared in the "Sporting Chronicle" of the 2nd of June:

"All records broken. On Derby Day we had the biggest turnover since we started business 37 years ago. This is indeed a compliment to the J. John system. Little wonder he is known as the lightning settler. If you are not on his books send to-day and open a credit account, or, if you do daily letter business, send your bets by letter to our Scottish address."

Viscountess ASTOR: Aberdeen?

Mr. CHURCHILL: I forbear to give the precise information that the Noble Lady is seeking to obtain. I think, at any rate, with these simple statements made by the parties principally concerned, I have shown that we have not destroyed racing, we have not ruined the book-making confraternity, and that we have not prevented the continuance of that practice of betting about which there are so many different opinions. And if without upsetting in any violent way this feature of our national life, and if possibly at the same time somewhat restricting its indulgence we have managed to obtain a substantial revenue, a revenue equal to half the yield of the whole of the duties on tea, if we have been able to add that to the Exchequer in the first year of the imposition of the tax, and in a year when all our affairs are overshadowed by the general impoverishment of the community through what occurred last year, if that is so, there is certainly no cause for receding from our original purpose of imposing this tax and making sure that it has not had a fair trial. It has not had a fair trial yet. I assured the deputations who waited upon me at the beginning of the year that I would study the statistics of June attendances and June revenue before making up my mind whether the duty required any revision in the present year. I have given

[Mr. Churchill.]

attention to those June figures, and neither in regard to attendance nor in regard to revenue is there the slightest reason to pronounce that the tax is a failure. It may well be, as my hon. Friend has said, that ultimately the duty will realise the financial estimate first placed upon it, but even if it realises a lower sum that lower sum is a necessary contribution to the revenue, and it is about the cheapest money that the British Exchequer gets, and money which least conflicts with the general development of the wealth of the country.

We must have a longer period. We must have an opportunity of seeing the statistics for a full year, including the whole of the flat racing season, and we must have an opportunity of making the necessary deductions in regard to those statistics which it would be proper to attribute to the impoverishment of the population from what occurred last year. Next year, before the Budget is framed, we shall be in a position to survey those results and then, if it be found that the duty at its present rate is too high and that it is possible that a better result, a more permanent remunerative result, could be achieved by a somewhat lower figure, it will be the interest of the State to make such modifications as are necessary. For the present and at this moment, I ask the Committee, which last year by very large majorities voted for the imposition of this duty, to make sure by their support of the Government that it is given an opportunity to try it out fairly, and that Parliament next year is put in a position to judge upon the results of a completed year.

Mr. SCRYMGEOUR: I want to support the appeal that has been made on moral grounds by my hon. Friend the Member for South Ayrshire (Mr. J. Brown). The case as presented by the right hon. Member for Colne Valley (Mr. Snowden) is certainly significant, after his close examination of the figures. I anticipated the line that would be taken by the Chancellor of the Exchequer. The light-hearted fashion which he adopted as a reformer gives a very clear indication that he has not much emphasis for moral issues. The situation which he has presented is very fairly representative of the jazz sort of business system upon which the country is conducted. Only the other

day, we had a striking illustration of this sort of thing being conducted on a big scale by the departure from this life of one of the most outstanding men who, in juggling even with millions, has left a good number of his colleagues with the impression that, after all, there is something serious about a business of this kind. And when we find it conducted on such a large scale it is not surprising that working people, who are suffering from adulteration of food and drink, business trickery, should show an increasing tendency to go in this direction. One of the most ridiculous instances was the case of a man who was brought before the magistrate the other day for engaging in this business without a licence, and the magistrate said that it was a most preposterous situation for him to have to try a man for not having a licence for a transaction which was illegal. That is an illustration of the anomalous situation into which we are now getting. The hon. Member from the opposite side of the House who gave the Committee some figures on this matter made no bones of the fact that he was engaged in this business, and he said that those who were bookmakers were as good as those who were gambling on the Stock Exchange. That does not settle a question of character. That is only a comparison.

If you are going to test the moral issue, the proper way to test it is by a more effective illustration. Take a great evil like prostitution, in which so much business is being done that it has become an international evil which the League of Nations is trying to take in hand. Does the hon. Member say that because other civilised nations engage in a licensed system of prostitution that we should copy their example and ask the Chancellor of the Exchequer to adopt this method of obtaining revenue? I know that the speech of the hon. Member for Colne Valley (Mr. Snowden) was directed to the simple point as to the amount of revenue we were receiving from this duty. He said that at the present time there was not sufficient money being derived from it to justify its continuance, but at the same time he said we do not waive the moral principle. I am afraid, if we confine ourselves largely to the question as to how much money we get out of it, we shall begin to lose ground for the moral case. A man who is a real reformer does not

trouble himself with the question as to how much money we are going to get from it, but whether the evil involves absolute disaster to the working-class family circles of the land. How much disaster does the credit system mean to these people? The credit system is the most dangerous feature that can be employed. In regard to the other licensed business, from which the Chancellor of the Exchequer also draws revenue, we find that the credit system was nailed to the counter by the law of the country. It is against the law of the country to have any dealings on credit in the licensed liquor business because it was maintained that that would be an objectionable system and that it was preferable that the money should be paid over the counter.

In this case, the credit system is being defended by the Government in a way that gives a further impetus towards that downward path along which many of our working people are being forced. We have been told about the racecourses and about the concern of the Chancellor to take the line which involves least disturbance. We heard once of a deliverance made by His Majesty himself, that the glory of the Empire was centred in the hearts and homes of the people. The Chancellor of the Exchequer as an amateur moral reformer—a late starter—has cognisance of the working of this duty, and from the reports which he is receiving he must know something of what is involved in the rush of men and women into the vortex of this dangerous "business"—as bookmakers would term it. Recently in this House a Bill was introduced to prevent children from engaging in this practice. It is not a matter of the personal character of those engaged. The first issue is—are we as a House of Commons representative of the people, seeking to set an example of rectitude? Are we proving our anxiety to place the national business on a proper footing and on a basis that will bear examination? One can find many illustrations of the utter indifference of many Members of this House to any question of this kind. We hear Members treating of its humorous aspects only. That is the measure of the artificial character of the professions which we hear from public platforms.

We hear, time and again, the advocacy of great principles; we hear Members

professing their desire to encourage people in the ways of economy and thrift. Such a proposal as this Betting Duty is a travesty of those professions. One does not need even to take part in the Debates in this House; one only need to follow the gibes and quips and jokes that are passed and the light-hearted, almost ribald manner of some Members of the House in treating questions of this kind, to realise that fact. We have people like the Chancellor of the Exchequer who makes an amusing reference to himself as being "a sort of moral reformer." That phrase is one of his own little touches of humour, but at the same time it is an indication of what he meant when answering a Member on this side who suggested it was in the bad weather, he said the weather was always bad. He is one who has studied the weather-cock system, and he knows very well there are varying weather conditions whether he is a betting man or not. He has studied the state of development of our political forecasts, and the possibilities and movements of the tide which might lead to fortune, or misfortune, for he is particularly careful about misfortunes. How can the Chancellor stand up and talk as he has done about balancing the question—though making the admission that he is not receiving so much as he anticipated, and thereby conceding some of the points made—and saying he has at least the satisfaction that he is becoming something of a moral reformer. As one who does feel deeply in making our profession of moral standards and with the great responsibilities of this House, I am perfectly confident that no man or woman associated with this great assembly can contemplate what is really involved by these transactions of which we hear so much—I care not whether it is £3,000,000 or £30,000,000—without seeing that our profiting from this abominable business is the measure of our profligacy, and an abject failure to raise the standards of our people as we ought to do.

Are we not to raise the standards of the people—and I am not talking about party standards now but of the personal responsibility which each man and woman has to Him to Whom there are appeals made at the opening of this House every day from that great Book? God knows it is tragic though you may treat it lightly. There are greater questions than

[Mr. Scrymgeour.]
facing a General Election—questions of making sure that we are really standing for great moral purposes—and there are other alternatives than the pursuit of these things. You are bound to recognise that there is the alternative that you can face this in the opposite direction, and instead of deriving revenue from this wretched source you can take the course that we maintained last year, namely, that the thing ought not to be done at all and if you say it cannot be done, I refer you to what was said by the Chancellor of the Exchequer himself, when dealing with the opposition of Members who are against this proposition, he said, "Now I understand the position of Members of the Opposition perfectly well. Do not tell me, you Members on the Opposition side, that it cannot be done. It can be done. You can say you are going to stand for the stopping of the means of carrying on this transaction and that you are going to stop it by the post, the tele-

grams and the Press. Do not say it cannot be done." That is what the Chancellor of the Exchequer said. And that same Chancellor of the Exchequer can tell you whether he means still with his ability to step into the arena—into the very racecourse—and whether he will manage to make this scheme workable. I am confident he is capable of doing that. In the same way, if he were a real moral reformer instead of being chiefly concerned about holding his position in the Government, he would stand up in this House as a man, and denounce it, and if he applied his energies and his enthusiasm on the basis of real moral force in the country against this evil, I am convinced he would make a mighty factor in advancing the real progress of our country.

Question put, "That the Clause be read a Second time."

The Committee divided: Ayes, 152; Noes, 233.

Division No. 243.]

AYES.

[10.56 p.m.]

Adamson, Rt. Hon. W. (Fife, West)
Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Astor, Viscountess
Attlee, Clement Richard
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Broad, F. A.
Bromfield, William
Bromley, J.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Cape, Thomas
Clynes, Rt. Hon. John R.
Compton, Joseph
Connolly, M.
Cove, W. G.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Crooke, J. Smedley (Derlind)
Dafion, Hugh
Davies, Evan (Ebbw Vale)
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dennison, R.
Duckworth, John
Duncan, C.
Edwards, J. Hugh (Accrington)
England, Colonel A.
Evans, Capt. Ernest (Welsh Univer.)
Forrest, W.
Gardner, J. P.
Garro-Jones, Captain G. M.
Gibbins, Joseph
Gillett, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)

Greenall, T.
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York. W.R., Normanton)
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Hardie, George D.
Harney, E. A.
Harris, Percy A.
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Bellisha, Leslie
Hudson, J. H. (Huddersfield)
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Kanworthy, Lt.-Com. Hon. Joseph M.
Lawrence, Susan
Lawson, John James
Lee, F.
Lindley, F. W.
Lunn, William
Macdonald, Sir Murdoch (Inverness)
Maclean, Neil (Glasgow, Govan)
MacNeill-Weir, L.
March, S.
Maxton, James
Morrison, R. C. (Tottenham, N.)
Murnin, H.
Naylor, T. E.
Oakley, T.
Oliver, George Harold

Pain, John Henry
Paling, W.
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Preston, William
Rees, Sir Beddoe
Remnant, Sir James
Richardson, R. (Houghton-le-Spring)
Riley, Ben
Ritson, J.
Robinson, Sir T. (Lancs., Stretford)
Robinson, W. C. (Yorks, W. R., Elland)
Rose, Frank H.
Salter, Dr. Alfred
Scrymgeour, E.
Sexton, James
Shaw, Rt. Hon. Thomas (Preston)
Sheffield, Sir Berkeley
Shepherd, Arthur Lewis
Short, Alfred (Wednesbury)
Simon, Rt. Hon. Sir John
Sinclair, Major Sir A. (Caithness)
Slessor, Sir Henry H.
Smillie, Robert
Smith, Ben (Bermondsey, Rotherhithe)
Smith, Rennie (Penistone)
Snell, Harry
Snowden, Rt. Hon. Philip
Spencer, George A. (Broxtowe)
Spoor, Rt. Hon. Benjamin Charles
Stamford, T. W.
Stephen, Campbell
Stewart, J. (St. Rollox)
Sugden, Sir Wilfrid
Sullivan, J.
Sutton, J. E.
Taylor, R. A.
Thomson, Trevelyan (Middlesbro., W.)
Thorne, W. (West Ham, Plaistow)
Tinker, John Joseph
Townend, A. E.
Trevelyan, Rt. Hon. C. P.
Varley, Frank B.
Viant, S. P.

Wallhead, Richard C.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Webb, Rt. Hon. Sidney
Wellock, Wilfred
Welsh, J. C.
Whiteley, W.

Wiggins, William Martin
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, E.)
Williams, Dr. J. H. (Llanelli)
Williams, T. (York, Don Valley)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)

Windsor, Walter
Womersley, W. J.

TELLERS FOR THE AYES.—
Mr. Charles Edwards and Mr.
T. Kennedy.

NOES.

Asland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Balfour, George (Hampstead)
Bainiel, Lord
Barclay-Harvey, C. M.
Beamish, Rear-Admiral T. P. H.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Bethel, A.
Betterton, Henry B.
Bird, E. R. (Yorks, W. R., Skipton)
Blundell, F. N.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowyer, Captain G. E. W.
Brass, Captain W.
Brookelbank, C. E. R.
Brooke, Brigadier-General C. R. I
Broun-Lindsay, Major H.
Brown, Brig.-Gen. H.C. (Berks, Newb'y)
Buckingham, Sir H.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Cadogan, Major Hon. Edward
Caine, Gordon Hall
Campbell, E. T.
Carver, Major W. H.
Cautley, Sir Henry S.
Cazalet, Captain Victor A.
Chadwick, Sir Robert Burton
Chapman, Sir S.
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Clayton, G. C.
Colman, N. C. D.
Conway, Sir W. Martin
Cooper, A. Duff
Couper, J. B.
Courtauld, Major J. S.
Cowan, Sir Wm. Henry (Islington, N)
Croft, Brigadier-General Sir H.
Crookshank, Col. C. de W. (Berwick)
Crookshank, Cpt. H. (Lindsey, Gainsbro)
Curzon, Captain Viscount
Dalketh, Earl of
Davidson, J. (Hert'd, Hemel Hempst'd)
Davidson, Major-General Sir John H.
Davies, Maj. Geo. F. (Somerset, Yeovil)
Davies, Dr. Vernon
Dean, Arthur Wellesley
Dixey, A. C.
Drewe, C.
Elliot, Major Walter E.
Ellis, R. G.
Elveden, Viscount
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Fairfax, Captain J. G.
Fanshawe, Captain G. D.
Fielden, E. B.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Frece, Sir Walter de
Gadie, Lieut.-Col. Anthony
Ganzoni, Sir John
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham

Gilmour, Lt.-Col. Rt. Hon. Sir John
Goff, Sir Park
Gower, Sir Robert
Grace, John
Grant, Sir J. A.
Grattan-Doyle, Sir N.
Greaves-Lord, Sir Walter
Grenfell, Edward C. (City of London)
Grotrian, H. Brent
Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
Hacking, Captain Douglas H.
Hall, Lieut.-Colonel Sir F. (Dulwich)
Hall, Capt. W. D'A. (Brecon & Rad.)
Hammersley, S. S.
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Haslam, Henry C.
Headlam, Lieut.-Colonel C. M.
Henderson, Capt. R. R. (Oxf'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Hennessy, Major Sir G. R. J.
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Holt, Capt. H. P.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hope, Sir Harry (Forfar)
Hopkins, J. W. W.
Howard-Bury, Lieut. Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hudson, R. S. (Cumberland, Whiteh'n)
Hume, Sir G. H.
Hunter-Weston, Lt.-Gen. Sir Aylmer
Hurd, Percy A.
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Jacob, A. E.
James, Lieut.-Colonel Hon. Cuthbert
Jephcott, A. R.
Jones, G. W. H. (Stoke Newington)
Kennedy, A. R. (Preston)
Kidd, J. (Linlithgow)
Kindersley, Major Guy M.
King, Commodore Henry Douglas
Knox, Sir Alfred
Lamb, J. Q.
Lane Fox, Col. Rt. Hon. George R.
Leigh, Sir John (Clapham)
Loder, J. de V.
Long, Major Eric
Looker, Herbert William
Lougher, Lewis
Lowe, Sir Francis William
Luce, Major-Gen. Sir Richard Harman
Lumley, L. R.
McDonnell, Colonel Hon. Angus
MacIntyre, Ian
McLean, Major A.
Macmillan, Captain H.
Macnaghten, Hon. Sir Malcolm
McNeill, Rt. Hon. Ronald John
Makins, Brigadier-General E.
Malone, Major P. B.
Manningham-Buller, Sir Mervyn
Margesson, Captain D.
Marriott, Sir J. A. R.
Mason, Lieut.-Col. Glyn K.
Meyer, Sir Frank
Milne, J. S. Wardlaw
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Mitchell, Sir W. Lane (Streatham)
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Moore, Sir Newton J.
Morrison-Bell, Sir Arthur Clive
Murchison, Sir Kenneth
Nelson, Sir Frank
Neville, Sir Reginald J.
Nield, Rt. Hon. Sir Herbert
Nuttall, Ellis
O'Connor, T. J. (Bedford, Luton)
O'Neill, Major Rt. Hon. Hugh
Oman, Sir Charles William C.
Ormsby-Gore, Rt. Hon. William
Penny, Frederick George
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Perring, Sir William George
Peto, Sir Basil E. (Devon, Barnstaple)
Peto, G. (Somerset, Frome)
Pilcher, G.
Pilditch, Sir Philip
Power, Sir John Cecil
Price, Major C. W. M.
Raine, Sir Walter
Ramsden, E.
Rawson, Sir Cooper
Reld, D. D. (County Down)
Rhys, Hon. C. A. U.
Rice, Sir Frederick
Roberts, E. H. G. (Flint)
Roberts, Sir Samuel (Hereford)
Ropner, Major L.
Russell, Alexander West (Tynemouth)
Rye, F. G.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sassoon, Sir Philip Albert Gustave D.
Savery, S. S.
Shaw, R. G. (Yorks, W. R., Sowerby)
Shaw, Lt.-Col. A. D. Mcl. (Rentfrew, W.)
Shepperson, E. W.
Skelton, A. N.
Slaney, Major P. Kenyon
Smith, R. W. (Aberd'n & Kinc'dine, C.)
Smith-Carlinton, Neville W.
Smithers, Waldron
Somerville, A. A. (Windsor)
Spender-Clay, Colonel H.
Sprot, Sir Alexander
Stanley, Hon. O. F. G. (Westm'eland)
Steel, Major Samuel Strang
Stuart, Hon. J. (Moray and Nairn)
Styles, Captain H. Walter
Sueter, Rear-Admiral Murray Fraser
Thom, Lt.-Col. J. G. (Dumbarton)
Thomson, F. C. (Aberdeen, South)
Thomson, Rt. Hon. Sir W. Mitchell-Tinne, J. A.
Titchfield, Major the Marquess of
Waddington, R.
Wallace, Captain D. E.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Warrender, Sir Victor
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watson, Rt. Hon. W. (Carlisle)
Watts, Dr. T.
Wells, S. R.
Wheeler, Major Sir Granville C. H.
White, Lieut.-Col. Sir G. Dalrymple
Williams, A. M. (Cornwall, North)
Williams, Com. G. (Devon, Torquay)

Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Wise, Sir Fredric
 Wolmer, Viscount
 Wood, B. C. (Somerset, Bridgwater)

Wood, E. (Chest'r, Stalyb'dge & Hyde)
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill (High Peak)
 Wragg, Herbert
 Yerburgh, Major Robert D. T.

Young, Rt. Hon. Sir Hilton (Norwich)
 TELLERS FOR THE NOES.—
 Captain Lord Stanley and Colonel
 Gibbs.

Mr. SNOWDEN: I beg to move, "That the Chairman do report Progress, and ask leave to sit again." It might be convenient to the Committee if

11.0 p.m. the Chancellor of the Exchequer were to say now what his intentions or desires are, and how far he proposes to proceed this evening. It was, I believe, the original intention of the Government to get through the Committee stage to-day. That is clearly impossible, because there are nine pages of Amendments still upon the Paper, and a very considerable number of them are in the names of Members on that side of the Committee. That should be a sufficient reason why we shall not be able to get through these nine pages this evening, unless hon. Members opposite, in their anxiety to get these Amendments through, are prepared to sit until this time to-morrow. There are several Amendments to the Bill, some of which are of great importance. For instance, there is that relating to the Sugar Duty, and there are quite a number of others. It is manifestly impossible to get this Bill through to-night, and I ask the right hon. Gentleman if he is prepared to give further time. There are a great many highly contentious points in this year's Budget, and we have only had four days' Debate, which is much less time than is usually given. It must be remembered that the Members of the Government party have taken up quite an unusually large amount of time in the discussions on the Bill. Indeed, they took up nearly all the time yesterday in the discussion of a matter in which they were very keenly interested. Is the right hon. Gentleman prepared to make some concession? I think the very least that he might do would be to rise now, or very soon, and then give us at least up to dinner-time on Thursday.

Mr. CHURCHILL: We have only proceeded so far in the discussions in Committee on the Finance Bill by what I may call the general good will of the Committee. The Committee has concentrated on the principal Debates and topics, and has allowed the other business to pass rapidly through. I

fully recognise that in this matter the Government are in the hands of the Opposition, and not only of the Opposition but of members of the Committee on their own side in politics. It would be, I think, for the convenience of Parliament if we disposed of this Bill to-night. [HON. MEMBERS: "Hear, hear!"] I think it would be for the convenience of Members, and I do not believe that the public service would suffer thereby. An examination of the various new Clauses discloses three or four points which might well take half an hour each to discuss, but it does not show any prospect of alterations in the Finance Bill because, in the main, except for inconsiderable exceptions, the new Clauses, of course, cannot be accepted by the Government. As I say, we are in the hands of the Committee. It is perfectly obvious that if hon. Gentlemen opposite or around us choose to debate these matters, there are in them ample material to keep us up to a very late hour to-night, and to prevent us from reaching the close of our labours on this Bill. Therefore, I leave it entirely in the hands of the Opposition. If they wish to prolong these discussions until the interruption of business at the dinner hour on Thursday next the Government will not resist them. We should like to complete this Bill, as we have so far conducted it, in an atmosphere of good Parliamentary arrangement on both sides. Therefore, if it be the desire of the Opposition that we should take up till Thursday at dinner time, and if it be understood that we shall get the Committee stage completed, new Clauses and schedules alike, by that hour, and that we should make the best use of our time in the intervals, the Government would propose that we should not sit very much longer to-night, but should resume our discussions on Thursday next.

Mr. SNOWDEN: The Chancellor of the Exchequer did not indicate the exact time to which he proposes to sit to-night. The next Motion is on the Sugar Duty. My friends attach considerable importance to that and would not be satisfied with a short Debate on that. Is the Chancellor of the Exchequer prepared to

accept my Motion to report Progress now, on the understanding that we agree to try and finish the Committee stage and end at the dinner hour on Thursday?

Mr. CHURCHILL: Yes, Sir. If by what I call good arrangement and goodwill, we can reach the conclusion of the Committee stage by dinner on Thursday, I should not propose to ask the Committee to sit any longer to-night.

Sir F. MEYER: There are a number of Amendments down in the names of Members of the Government party, and I do not know how far the Opposition would be prepared to concede a certain reasonable amount of time for the discussion of these Amendments. Otherwise, we should have to oppose the

Motion to report Progress, as we do not desire to sacrifice the Amendments we have put forward.

Question put, and agreed to.

Committee report Progress; to sit again upon Thursday next, 7th July.

The remaining Orders were read, and postponed.

ADJOURNMENT.

Resolved,

“That this House do now adjourn.”—
[Commander Eyres Monsell.]

Adjourned accordingly at Fifteen
Minutes after Eleven o’Clock.

HOUSE OF COMMONS.

ORAL ANSWERS TO QUESTIONS.

Wednesday, 6th July, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

PROVISIONAL ORDER BILLS.

Ministry of Health Provisional Order Confirmation (Conway Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (Hove Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (New Sarum Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (Newcastle-under-Lyme Extension) Bill [*Lords*].

Ministry of Health Provisional Order Confirmation (Wokingham Extension) Bill [*Lords*].

Ministry of Health Provisional Orders Confirmation (No. 6) Bill [*Lords*].

Ministry of Health Provisional Orders Confirmation (No. 9) Bill [*Lords*].

Read a Second time, and committed.

STANDING ORDERS.

Major - General Sir NEWTON

MOORE: I beg to move,

"That so much of Standing Order 91 as fixes Five as the quorum of the Select Committee on Standing Orders be read and suspended."

HON. MEMBERS: Object!

Sir N. MOORE: This is a *pro forma* Motion, which is usually introduced at this time of the year. As a result of the congestion of business, it is necessary to reduce the quorum from five to three, in order to prevent the delay which very often arises as a result of that condition.

HON. MEMBERS: Object!

Further consideration deferred until To-morrow.

No. 94

RUSSIA.

GENEVA CONVERSATIONS.

1. Lieut.-Commander KENWORTHY asked the Secretary of State for Foreign Affairs whether he can give any information as to his conversations at Geneva on certain matters affecting Russia?

2. Mr. PONSONBY asked the Secretary of State for Foreign Affairs whether he is now prepared to make a statement to the House of Commons as to discussions between the Minister and the representatives of other European Powers at Geneva relative to the question of Russia?

7 and 8. Mr. TAYLOR asked the Secretary of State for Foreign Affairs (1) whether any representative of France, Germany, Italy, Belgium, or Japan brought forward any proposals in the recent public or private meetings and conversations at Geneva for a joint conference with Russia; and, if so, whether the proposals were opposed or supported by Great Britain;

(2) whether, during the recent meeting of the Council at Geneva, the representatives of the States which are parties to the Locarno Agreement held any discussions as to their policy towards Russia; and whether he can make a statement to the House on this subject?

9. Mr. DAVID GRENFELL asked the Secretary of State for Foreign Affairs whether the question of their relations with Russia was discussed during the recent meeting of the Council at Geneva by the representatives of the States which are parties to the Locarno Agreement; and whether he can give the House any information as to the conclusions that were reached?

The SECRETARY of STATE for FOREIGN AFFAIRS (Sir Austen Chamberlain): On the invitation of some of the representatives at the meeting of the six Powers, I gave an explanation of our reasons for breaking off diplomatic relations with the Government of the Union of Soviet Socialist Republics, and explained British policy as already publicly stated in the House when we

[Sir A. Chamberlain.] debated the matter. Similar explanations of their own policy were given by some of the other Ministers present. No proposals were made by anyone for a joint conference with Russia, nor for any joint action in regard to Russia. Circumstances vary in different countries, and each Government must pursue the policy adapted to its own interests.

Lieut. - Commander KENWORTHY: When the right hon. Gentleman talks of a meeting of the six Powers, will he explain just what that means? Did he not go to Geneva for the Council meetings of the League of Nations?

Sir A. CHAMBERLAIN: Yes, Sir, I went to Geneva for the meeting of the Council of the League of Nations. No question in relation to Russia was discussed at the Council of the League, and I understood the hon. and gallant Gentleman's question to refer to conversations which took place at the meeting summoned by me at the request of representatives of other Powers who were at Geneva, and in which France, Germany, Italy, Belgium, Japan and Great Britain were represented.

Lieut. - Commander KENWORTHY: The right hon. Gentleman spoke of the six Powers as if this was a new Council of Europe. Is it in future to be the practice to call these particular Powers together under the cloak of meetings of the Council of the League?

Sir A. CHAMBERLAIN: It is, I think, one of the advantages of the frequentation of the League by the representatives of Powers of many nations, that it gives them an opportunity to talk quite apart from the meetings of the Council, but there is no occasion for any friend of the League or of the Council to take up these meetings of individual Powers. There were a great number of meetings. One meeting was held in my room, and that is the meeting to which I have referred. It comprised the Powers represented in the Council of Ambassadors in Paris, and the German Government.

Colonel WEDGWOOD: May I ask the right hon. Gentleman two questions? In the first place, did he take this opportunity of disabusing the minds of those other nations of the idea that we were attempting to form any sort of *bloc*

against Russia; and, secondly, has he taken the opportunity of conveying the substance of his conversations at Geneva on this question to the United States Government?

Sir A. CHAMBERLAIN: No, Sir. I have not thought it necessary to repeat the conversations which were held at Geneva to the United States Government. With regard to the first part of the right hon. and gallant Gentleman's question, I did not find it necessary to use the opportunity to disabuse their minds of that impression, for they did not entertain it; but I confirmed the impression which they had already formed, and which is correct, that we had never attempted to do anything of the kind.

Mr. TAYLOR: Can the right hon. Gentleman say whether it is true or not that representations were made by him to the German representatives urging that, if they would discontinue their Government credit scheme to German-Russian trading operations, it might be possible to accommodate German aspirations with reference to the Rhineland?

Sir A. CHAMBERLAIN: No, Sir. I should very much like to know, if the hon. Member would communicate with me privately, upon what possible foundation he bases that question. There is not a word of truth in it.

Mr. TAYLOR: Has not the right hon. Gentleman seen the "Times" reports of these Conferences and conversations?

Sir A. CHAMBERLAIN: To my recollection I have not seen anything in any report in the "Times" to justify such an assumption as that.

PASSPORTS.

13. **Mr. RILEY** asked the Secretary of State for Foreign Affairs if arrangements have now been completed with the Norwegian Government whereby British subjects may apply for visas to passports for Russia.

Sir A. CHAMBERLAIN: As the German Government and not the Norwegian Government have undertaken the care of Soviet interests in this country, it is for the German and not for the Norwegian authorities to grant visas for Russia. The position is as stated in the

reply given to the hon. and gallant Member for Central Hull (Lieut.-Commander Kenworthy) on the 27th of June.

CHINA.

SITUATION.

3. **Colonel DAY** asked the Secretary of State for Foreign Affairs whether there has been any change in the situation in China since his last statement; and will he give the House full particulars of the present position?

Sir A. CHAMBERLAIN: The reports that I have received during the past week show that Yen Hsi-Shan, the Military Governor of Shansi, has moved a force of six divisions eastward from Taiyuan fu, apparently as a threat against Chang Tso-lin. Sun Chuan Fang, the bulk of whose troops are concentrated along the Shantung Railway, has moved a force of 20,000 men to Yenchow, on the Tientsin-Pukow Railway. On the 30th June, a Russian armoured train, operating from this town, re-captured Lincheng from the Southern armies. At Kaomi, on the Tsingtao Railway, one of Sun Chuan Fang's commanders, has declared his independence and hoisted the Nationalist flag. The Fengtien troops are reported to have advanced along the Peking-Hankow Railway and to have crossed the Yellow River, the railway between Chengchow and Loyang is reported to have been cut. Feng Yu-hsiang has retired to Loyang. At the end of June, Feng Yu-hsiang sent a telegram to Hankow stating that the extremist section there had outlived its usefulness and might retire to a well-earned rest. General Galin, the Bolshevik adviser to the Wuhan Administration, is making a show of compliance with this order, but is reported to be making preparations for the defence of Hankow, for which he claims to have sufficient forces. In the event of defeat, he undertakes that there will be nothing left in Hankow to make its capture worth while. On the 1st July, a British steamer travelling from Shanghai to Hankow was fired at from Hwangchow, about 70 miles below Hankow, and three Chinese passengers were wounded. The following day an American destroyer was fired on at the same place. The military autho-

rities both at Hankow and Nanking disclaim responsibility for the troops responsible for this attack.

Colonel DAY: Are we withdrawing any of the British troops that are in China now, in view of the easier situation?

Sir A. CHAMBERLAIN: As announced already in the Press, the Indian Brigade is being withdrawn from Shanghai. It is no longer required, in consequence of the reinforcements which have arrived.

NEW ADMINISTRATION, PEKING.

11. **Mr. MARDY JONES** asked the Secretary of State for Foreign Affairs what is the attitude of His Majesty's Government towards the new Government which has been set up by Marshal Chang Tso-lin in Peking; and how many provinces of China recognise the authority of this Government?

Sir A. CHAMBERLAIN: The attitude of His Majesty's Government towards the new administration recently set up in Peking by Marshal Chang Tso-lin is the same as it was towards the preceding administration. Recognition as the Government of China has not been accorded to it, but it is dealt with as a local administration. This administration exercises some degree of authority over the three provinces of Manchuria, Chihli, the greater part of Shantung and a portion of Honan.

FRENCH SETTLEMENT, SHANGHAI.

12. **Mr. MARDY JONES** asked the Secretary of State for Foreign Affairs whether he is aware that Chinese soldiers of the Nationalist Army are permitted freely to enter the French concession at Shanghai; and whether a similar permission is now granted in the international settlement?

Sir A. CHAMBERLAIN: I have no information showing that any Chinese soldiers are permitted freely to enter the French Settlement at Shanghai. As regards the International Settlement the position remains as stated in my reply to the right hon. Gentleman the Member for Central Newcastle (Mr. Trevelyan) on 4th April last.

INDEMNITY FUND.

14. **Sir ALFRED KNOX** asked the Secretary of State for Foreign Affairs what sum is now available in the China

[Sir A. Knox.]

Indemnity Fund; and whether he will see his way, after consultation with the advisory committee, to use this sum to compensate British nationals robbed at Hankow, Nanking, and other places in China?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): I would refer my hon. and gallant Friend to the answer given to my hon. Friend the Member for Frome (Mr. G. Peto) on 19th May. Owing to further payments the total fund must now amount to nearly £2,000,000. The advisory committee, having submitted their recommendations, can hardly be expected to revise them in favour of an entirely different policy.

Sir A. KNOX: Is it not a fact that the decision regarding the use of this money rests with the Secretary of State in consultation with the advisory committee?

Mr. LOCKER-LAMPSON: It is true the Secretary of State acts in consultation with the advisory committee, but it is laid down very strictly in the Act of Parliament how the funds are to be used.

Sir A. KNOX: Is not the wording of the Act that the money can be applied to educational or other purposes, and would not the suggested application come under the designation "other purposes"?

Mr. LOCKER-LAMPSON: According to the best legal advice we have been able to obtain it cannot be used for purposes such as the hon. and gallant Member has in mind.

Captain CROOKSHANK: Does not the hon. Gentleman see that the situation has changed since the Act was passed, and will he not recommend introducing amending legislation so as to cover this kind of case?

Mr. SPEAKER: Questions regarding new legislation should be put on the Paper.

HANKOW MUNICIPAL DEBENTURES.

15. Mr. LOOKER asked the Secretary of State for Foreign Affairs if he is aware that the payment of interest recently made in respect of the Hankow municipal debentures was made in depreciated currency; and what action he proposes to take in the matter?

17. Mr. WELLOCK asked the Secretary of State for Foreign Affairs if the new Mixed Council at Hankow has paid the interest, due on 30th June, on the municipal bonds issued by the Council of the former British Concession at Hankow?

Sir A. CHAMBERLAIN: The Acting British Consul-General at Hankow reports that the interest on the debentures is being paid in tael cheques drawn on the Central Bank, and that these cheques are cashed by the bank in its own notes at an arbitrary rate of 71 tael cents to the dollar. As the Central Bank's notes are at a discount of 40 to 50 per cent. *vis-à-vis* silver currency, debenture holders lose accordingly. The question as to what action should be taken is now under consideration.

Mr. LOOKER: May we have an assurance that the Government will take any steps that are necessary to ensure that the proper obligations with regard to this interest are fulfilled?

Sir A. CHAMBERLAIN: I am not prepared to go further than I have said. The matter is under consideration.

LEAGUE OF NATIONS (TREATIES REGISTERED).

4. Mr. PONSONBY asked the Secretary of State for Foreign Affairs whether all treaties concluded since 1919 between States members of the League of Nations have been registered with the secretariat of the League under Article 18 of the Covenant; and, if not, which treaties have not been so registered?

Sir A. CHAMBERLAIN: I am not aware that any treaties concluded since 1919 between States members of the League of Nations have not been registered with the secretariat of the League, but I cannot speak with absolute confidence for all treaties completed by other Powers.

GERMANY.

OCCUPIED TERRITORY.

5. Mr. HARRIS asked the Secretary of State for Foreign Affairs if he is now in a position to give any date for the termination of the occupation by the Allies of the occupied German territory; and whether the matter has been, or is being, discussed at Geneva?

Sir A. CHAMBERLAIN: The question of fixing a date for the termination of the occupation of the Rhineland by Allied troops was not discussed at Geneva. The circumstances in which the Rhineland is to be evacuated are, as the hon. Member is doubtless aware, laid down in Articles 423 to 431 of the Treaty of Versailles.

Mr. HARRIS: Does not the right hon. Gentleman think that nine years after the Armistice would be a good time at which to terminate this military occupation, and that it would make Europe feel that a peace atmosphere has been reached? Does he not think that that would be a proper subject for discussion at Geneva?

Sir A. CHAMBERLAIN: No, Sir, I do not think any useful purpose would be served by discussing it at Geneva at this time; and, as it was not raised by anyone else, I suppose that other people were of the same opinion.

FORTIFICATIONS, EAST PRUSSIA.

6. **Mr. HARRIS** asked the Secretary of State for Foreign Affairs whether the fortifications in East Prussia have been demolished to the satisfaction of the Military Control Commission?

Sir A. CHAMBERLAIN: As the hon. Member will be aware from the reply given to my hon. and gallant Friend the Member for Dulwich (Sir F. Hall) on 30th June, an invitation was recently conveyed by the competent German authority for one or two of the Allied military experts who remained in Berlin attached to their respective Embassies after the withdrawal of the Military Commission of Control last January, to accompany him on a tour of inspection of those fortifications on Germany's eastern frontier, the demolition of which was agreed upon between the German Government and the Allied Governments concerned early in the year. This visit has not yet been completed, and I am accordingly not in a position to make any announcement regarding the demolition of the works in question.

PERSIA (BRITISH PRIVILEGES).

10. **Lieut.-Commander KENWORTHY** asked the Secretary of State for Foreign Affairs whether the reply to the Government of Persia on the question of the capitulations has been decided upon; and, if so, what is the nature of the reply?

Sir A. CHAMBERLAIN: A reply has not yet been sent to the Persian Government.

Lieut. - Commander KENWORTHY: In case of failure to reach agreement, will the matter be referred to the League of Nations?

Sir A. CHAMBERLAIN: That is too hypothetical a question to answer.

ROYAL NAVY.

TORPEDO FACTORY, GREENOCK.

18 **Mr. KIRKWOOD** asked the First Lord of the Admiralty whether he is aware of the pressure of work at the Royal Naval Torpedo Factory at Greenock, and that some of the departments, such as the engineers, are divided into day and night shifts, but that the blacksmiths are not so divided but working excessive overtime; and whether, with a view of absorbing unemployed blacksmiths, he will divide the blacksmiths' work into day and night shifts?

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): It was not considered that it was in the interest either of economy or efficiency to introduce night shifts for the blacksmiths in view of the time that would have been required to train the new entrants. It is anticipated that the overtime will cease in a month's time.

Commander BELLAIRS: Is there no private factory now in existence to which some of this work can be transferred?

Lieut.-Colonel HEADLAM: I must ask for notice of that question.

Mr. BUCHANAN: Seeing that there are unemployed blacksmiths in the neighbourhood, could not the hon. Gentleman consider giving them a temporary job until the work is overtaken?

Lieut.-Colonel HEADLAM: We must consider what is the most efficient and economic way of working. It is for that reason that we did not take on more blacksmiths than we have done. We have taken on as many as we possibly could.

Mr. KIRKWOOD: In the event of the amount of work to be done not being finished, will the Minister be prepared then to consider putting on an extra shift?

Lieut.-Colonel HEADLAM: In a month's time, if the work is not finished, there may be a different situation, but I cannot give the undertaking the hon. Member suggests, because until the time comes, it would be premature.

Mr. HARDIE: Are we to take it that it is more efficient to give extra work to a man who has done eight or nine hours, rather than take on a fresh man who can do it better?

Lieut.-Colonel HEADLAM: It takes some time to train blacksmiths to do this particular work.

HIS MAJESTY'S SHIPS "EREBUS" AND "CARYSFORT."

19. **Mr. HORE-BELISHA** asked the First Lord of the Admiralty if he will state the reason for the decision of the Admiralty to transfer from the monitor "Erebus" to the cruiser "Carysfort" the duty of ship of the senior officer, Reserve Fleet, at Devonport, and to re-commission the "Erebus" for service as a cadet training ship and turret-drill ship for the port?

Lieut.-Colonel HEADLAM: Experience since the sale of His Majesty's Ship "Thunderer" has shown that His Majesty's Ship "Erebus" is inadequate to carry out the duties of ship of the Senior Officer, Reserve Fleet, Devonport, in addition to those of Training Ship for Special Entry Cadets and Turret Drill Ship. His Majesty's Ship "Carysfort" was therefore commissioned to take over the duties of Senior Officer, Reserve Fleet, from His Majesty's Ship "Erebus."

ELECTRICAL ARTIFICER BRANCH.

20. **Mr. HORE-BELISHA** asked the Parliamentary Secretary to the Admiralty if he will state the number of candidates who presented themselves for direct entry into His Majesty's Navy as electrical artificers during the last financial year, the number rejected on medical grounds, the number rejected on account of failure to pass trade test, and the number actually entered?

Lieut.-Colonel HEADLAM: 256 candidates presented themselves, of whom 135 were rejected medically and 44 failed the trade test; 77 being finally entered. In addition to these numbers, however, other candidates presented themselves but were rejected at Recruiting Offices as

educationally unfit, or as suffering from some obvious defect. Records of these are not available.

21. **Mr. HORE-BELISHA** asked the Parliamentary Secretary to the Admiralty when it is the intention of the Admiralty to put into operation the provisions contained in an Order in Council, dated 7th November, 1921, which institutes two branches to supersede the existing electrical artificer branch; how will this affect the promotion and advancement of the present officers and ratings; whether any increase in personnel is anticipated; and whether it is intended that ultimately the engineering officers will take over the electrical section of the torpedo schools?

Lieut.-Colonel HEADLAM: I regret that I am not in a position to make a statement on this matter, which is still under consideration.

PASSENGER AEROPLANES (FORCED LANDINGS).

27. **Colonel DAY** asked the Secretary of State for Air whether he has received any reports during the previous 12 months of passenger-carrying aeroplanes that have been compelled to make a forced landing in Great Britain owing to lack of petrol; and whether any persons have been injured?

The SECRETARY of STATE for AIR (Sir Samuel Hoare): Forced landings are not notifiable to the Air Ministry under Regulation unless they involve death or injury to any person or serious structural damage to the aircraft. The only forced landing during the last 12 months due to lack of petrol and notifiable under the above Regulation was one at Westerham on 27th June, 1927, when one passenger was very slightly cut by broken glass.

Colonel DAY: Where did that aeroplane start from that had to make a forced landing?

Sir S. HOARE: It was a machine flying from Paris to Croydon.

EMPLOYERS' ASSOCIATIONS.

22. **Mr. CECIL WILSON** asked the Minister of Labour whether, in regard

to the negotiations with the employers' associations in regard to conditions of labour, he can state with what associations contact has taken place during the last three months; the nature of the conditions which were discussed; whether discussions took place on the same subjects with the trade unions; and whether in any cases the employers' associations and the trade unions met together for such discussions?

THE PARLIAMENTARY SECRETARY to the MINISTRY of LABOUR (Mr. Betterton): In the discharge of the responsibility placed upon the Ministry by the Conciliation Act and Industrial Courts Act, and otherwise, officers of my Department frequently have occasion to confer formally or informally with representatives of associations both of employers and of workmen, sometimes separately and sometimes together. It is hardly possible, even if it were desirable, to enumerate the meetings of this kind which have taken place, but if the hon. Member will tell me what particular negotiations he has in mind, I shall be glad to consider what information I can properly give him about them.

Mr. PALING: Have any of the talks that have taken place been in the nature of applications for reduced wages or increased hours from employers?

Mr. BETTERTON: I could not answer that unless the hon. Member gives me particulars of the discussions he has in mind. Discussions are constantly taking place on a variety of subjects.

Mr. PALING: Are there any applications from employers asking for a reduction in wages or an increase of hours?

NUMBERS of men and women on the registers of certain Employment Exchanges at 25th July, 1926 and 28th March, 1927, respectively.

	25th July, 1926.			28th March, 1927.		
	Men.	Women.	Total.	Men.	Women.	Total.
West Ham*	12,430	1,921	14,351	10,217	1,513	11,730
East Ham	2,218	430	2,648	1,779	356	2,135
Leyton and Walthamstow	4,402	1,091	5,493	3,622	656	4,278
Total	19,050	3,442	22,492	15,618	2,525	18,143

* Figures relate to Canning Town and Stratford Employment Exchanges. Separate figures for Woodford are not available.

Mr. BETTERTON: I could not answer that without notice.

UNEMPLOYMENT.

BENEFIT DISALLOWED.

24. Mr. BARKER asked the Minister of Labour if he is aware that Edward Richards, 39, Llanover Street, Abercarn (Mon.), has been refused unemployment benefit on the ground that he had not been employed to a reasonable extent in an insurable occupation two years immediately preceding the date of application for benefit, and that since 26th July, 1924, Richards has been employed 96 weeks in Abercarn and Lydney tinworks; and will he have this case investigated with a view to paying benefit to this unemployed tin-worker?

Mr. BETTERTON: I am having inquiries made into this case and will let the hon. Member know the result as soon as possible.

STATISTICS.

25. Mr. W. THORNE asked the Minister of Labour if he can state the number of men and women that were registering at West Ham, East Ham, Walthamstow, Leyton, and Woodford Employment Exchanges on 20th July, 1926, and the number that were registering at the same Exchanges on the last day in March, 1927?

Mr. BETTERTON: As the reply includes a number of figures I will, with the hon. Member's permission, circulate a statement in the OFFICIAL REPORT.

Following is the statement:

26. **Mr. BUCHANAN** asked the Minister of Labour if he can state the total number of persons in Scotland who have been refused benefit last year because of the income test as applied in the Act of 1925?

Mr. BETTERTON: In the twelve months ended 10th January, 1927, 23,024 applications for extended benefit were recommended for disallowance by local committees in Scotland on the ground that the family income was deemed to be sufficient to provide for the applicants concerned. I am unable to give the number of separate individuals included in this figure.

HOUSES OF PARLIAMENT (DIVISION SIGNAL, CLOCK TOWER).

29. **Colonel DAY** asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, if any decision has been arrived at with reference to the petition signed by 326 Members of this House requesting that a coloured light be displayed from the top of the Clock Tower to signalise to Members approaching the House of Commons when a Division is in progress?

Major Sir GEORGE HENNESSY (*on behalf of The FIRST COMMISSIONER of WORKS*): My right hon. Friend is impressed by the number of signatures to the petition handed by the hon. Member to the Under-Secretary of State for the Home Department, but regrets that no funds are available for carrying out his suggestion, apart from which he feels that no expenditure is justified at the present time except on absolutely essential services.

Colonel DAY: Can the hon. Gentleman say what the cost of maintenance would be?

Sir G. HENNESSY: No.

Mr. SEXTON: Would it not be possible to illuminate the intelligence of benighted Members?

Commander BELLAIRS: Could the hon. and gallant Gentleman ascertain whether the hon. Member and his 325 followers are willing to pay for this change?

Mr. RADFORD: Is the hon. and gallant Gentleman aware of the very unfortunate mistaken impression that has been caused throughout the country that hon. Members are not attending to their duties in the evening?

Colonel DAY: In view of the widespread demand for this light as shown by the petition which contains 326 signatures of Members of this House, will the hon. and gallant Member ask the First Commissioner of Works whether he will erect the light if the small expense of putting it up is defrayed?

Sir G. HENNESSY: I will readily put the hon. Gentleman's views before my right hon. Friend.

Mr. HARDIE: Is it not a fact that where you have a single current you can have a double lamp fixed in order to provide a red light or a white light taking the same amount of current as the existing white light? Whether it is good or bad the answer given is not an answer to the question.

SCOTLAND.

SMALLHOLDINGS, GARSADDEN.

30. **Mr. KIRKWOOD** asked the Secretary of State for Scotland what was the cost to the Board of Agriculture of the smallholding scheme for ex-service men at Garscadden; why the scheme was abandoned; and what sum, if any, the present landlord paid for improvements effected on the land during its occupancy by the Board of Agriculture?

The **SECRETARY of STATE for SCOTLAND** (**Sir John Gilmour**): It is assumed that the hon. Member refers to a scheme under which 12 new holdings were formed by the Board of Agriculture for Scotland on the farm of Boghouse on the Garscadden estate. The estimated gross cost of this scheme, including loans to the holders for building purposes, is £10,117. The scheme has not been abandoned. In the circumstances the last part of the question does not appear to arise.

OFFENCES AGAINST YOUNG PERSONS.

31. **Major Sir ARCHIBALD SINCLAIR** asked the Secretary of State for Scotland whether his attention has been drawn to the Report of the Committee on Offences

against Young Persons; and whether he proposes to take any action, legislative or administrative, on this subject in Scotland?

Sir J. GILMOUR: I understand that the hon. Member refers to the Report of the Committee on Sexual Offences against Children and Young Persons in Scotland. As indicated in a reply which I gave to a question on the 29th March by the hon. Member for the Central Division of Aberdeen and Kincardine (Mr. R. W. Smith), I have already taken action on recommendations of the Committee which did not require legislation. As regards those which would require legislation, I propose to await the Report of the Scottish Committee on Young Offenders, which is now sitting, in order that the two Reports may be considered together.

Mr. HARDIE: Is it not a fact that the major portion of the complaints are due to the housing conditions? If you take the West End of Glasgow—and I am speaking of my experience of Glasgow and of what I know—is it not a fact that it is confined entirely to the East End of Glasgow, where the housing conditions are such as to permit these things to happen?

Mr. SPEAKER: That is a question which should be discussed on the Estimates.

AGRICULTURAL COLLEGES (SALARIES AND PENSIONS).

32. **Sir A. SINCLAIR** asked the Secretary of State for Scotland whether the county staffs and advisory staffs of the Scottish agricultural colleges have been admitted to the teachers' superannuation scheme; and whether financial provision has been made to permit their past service to be taken into account in connection with superannuation benefits?

Sir J. GILMOUR: The answer to the first part of the question is in the affirmative. With regard to the second part of the question actuarial inquiry is at present in progress, and until this is completed I cannot make any pronouncement as to whether financial provision will be made for taking into account past service for superannuation benefits.

33. **Sir A. SINCLAIR** asked the Secretary of State for Scotland whether the

Scottish agricultural colleges have yet accepted and made arrangements for giving effect to the principle of increased grants from local sources towards their upkeep; and whether the recommendations of the Constable Committee with regard to the salaries of the staffs of these colleges have yet been put into operation?

Sir J. GILMOUR: The Scottish agricultural colleges have accepted the principle that increased grants should be obtained by them from local sources in order that the annual contributions from public funds may be progressively reduced. I understand that the colleges are endeavouring to arrange with the local authorities concerned with a view to implementing this agreement. In these circumstances, I am hopeful that such arrangements will be made and that revision of the salaries of the staffs of the colleges as from 1st April, 1926, will be effected at an early date.

Sir A. SINCLAIR: Is it not a fact that at least one of these colleges has actually made the arrangements to which the right hon. Gentleman referred, and in the case of that particular college surely the arrangements for granting the Constable scales of pay may now be carried into effect without waiting for the other two colleges where the arrangements are not so far advanced?

Sir J. GILMOUR: I think it would be most undesirable if steps were taken like this in one case and not in all.

Sir A. SINCLAIR: Have not some of these men been waiting now for three years, and have we not now this Report of the Constable Committee supporting their case?

Sir J. GILMOUR: As I have said, I hope it will be settled at an early date, and, as I have repeatedly explained, there will be no detriment to the individuals concerned as soon as an agreement is reached.

PRISON OFFICERS.

35. **Mr. STEPHEN** asked the Secretary of State for Scotland if he is aware that prison officers are being compelled to retire at the age of 55 though they may apply to be allowed to continue their service; and whether this retiral age of 55 is apart from the physical fitness of the officer concerned?

Sir J. GILMOUR: Under the Superannuation (Prison Officers) Act, 1919, as applied by administrative Order, subordinate prison officers in Scotland are able to retire with a pension at the age of 55. This privilege carries with it the corresponding liability to be called on to retire by the head of the Department at any time after reaching the pensionable age of 55. The case of each subordinate officer is accordingly reviewed by the Prison Commissioners for Scotland when he reaches the age of 55 and periodically thereafter, and a decision is taken as to whether, in the interests of the service, the officer's services should be continued. The physical fitness of an officer is an important, but not the only, consideration.

Mr. STEPHEN: May I take it from the right hon. Gentleman that there is no general rule made by his Department compelling retirement at the age of 55, and that each case is decided separately?

Sir J. GILMOUR: Each case is considered on its merit.

NECESSITOUS SCHOOL CHILDREN (PROVISION OF MEALS).

37. Mr. STEPHEN asked the Secretary of State for Scotland the amount spent on feeding necessitous school children in Glasgow and Scotland, respectively, during last year, and the corresponding figures for the previous year?

Sir J. GILMOUR: In the returns made to the Department the expenditure by education authorities on feeding necessitous school children is not given separately from that on clothing. The nett amounts spent for both services in the year ended 15th May, 1928, were £53,660 for the whole of Scotland and £29,656 for Glasgow. The expenditure last year for Glasgow was £34,940 but this figure is subject to adjustment on audit. I regret that in the absence of complete returns from education authorities, I am not yet in a position to give last year's figure for the whole of Scotland. No particulars are available as to the corresponding expenditure of parish councils, since the records and accounts kept by these councils make no apportionment of aliment as between adults and younger persons.

SCHOOL ACCOMMODATION.

38. Mr. BUCHANAN asked the Secretary of State for Scotland what steps have been taken in Glasgow to get new schools built to replace the schools which have been condemned?

Sir J. GILMOUR: The hon. Member is aware that the whole question of school supply in Glasgow is at present under discussion between the education authority and the Department. I am not yet in a position to give the hon. Member a complete account of the steps taken by the authority to increase the supply and to discontinue the use of unsuitable buildings.

Mr. BUCHANAN: Is the right hon. Gentleman aware that this question has been under consideration for years and that we have been waiting for a report, and can he state when he is likely to give us any satisfaction with regard to negotiations between the authorities and himself?

Sir J. GILMOUR: As the hon. Member knows this is a very large and difficult problem. The discussions are going on and I am certain there will be no avoidable delay.

Mr. BUCHANAN: I have been on this question for over a year now and the thing seems to be no nearer the end than it was before. Can the right hon. Gentleman state when—this Session or at the beginning of the next Session—there will be any statement?

Sir J. GILMOUR: I cannot commit myself definitely to a date, but I think it may be possible to make a statement next Session.

Mr. KIRKWOOD: Suppose we say next century.

WOMAN'S DEATH, INVERGOWRIE.

39. Mr. SCRYMGEOUR asked the Secretary of State for Scotland whether he has completed his inquiries into the case of a girl reported to have been drowned, whose body was found at Invergowrie on 12th June; why the body was conveyed to the grave on a common lorry covered by sacking or tarpaulin, having been left till burial in an old shed; whether the cause of death was ascertained by a post-mortem examination;

whether there is any evidence suggesting that the girl was under the influence of drink or drugged; why a photograph was not taken; and whether the police description gave details about the condition of her teeth, whether artificial or natural, and the value of her rings, if any?

40. **Mr. JOHNSTON** asked the Under-Secretary of State for Scotland whether he is aware that a girl was found drowned at Invergowrie on 12th June, her body kept in an outhouse for a week, and then buried unidentified and without being photographed; and whether he is satisfied that all proper and possible steps have been taken by the authorities?

Sir J. GILMOUR: I will answer these questions together.

I have obtained information on the points raised in the questions. I am informed that the body of the woman concerned was found on 12th June on the foreshore at Invergowrie and was removed by the police to an unoccupied lockfast shed and examined by a doctor who certified that death was due to drowning. The shed, according to my information, was suitable for the purposes of safety and decency and also for purposes of identification. A description of the body and clothing was given by the police to the Press reporters and appeared in the newspapers. I am informed that the description did not give details about the teeth, which were natural and in good condition, but that it did refer to a ring worn by the deceased. A number of persons viewed the body but failed to identify it. The case was reported by the police to the Procurator-Fiscal, who reached the opinion that the case was one of suicide, and that there was nothing suspicious about it.

A post-mortem examination in the form of dissection was not considered necessary. There was no evidence suggesting that the woman was under the influence of drink or had been drugged. A photograph was not taken because in the opinion of the police such a photograph would have been of no use for identification purposes in this case. After the Procurator-Fiscal was satisfied that there were no suspicious circumstances, the body was handed over to the sanitary authorities and buried on 16th June with the authority of a direction by a Justice

of the Peace in accordance with Section 69, Sub-section (1), of the Public Health (Scotland) Act, 1897. I am informed that the body was conveyed to the grave in a plain black coffin carried on a lorry and covered with an ordinary van cover. I see no reason for holding that proper steps were not taken in this case, but I think that the general question of taking a photograph for purposes of subsequent identification merits further consideration, and I propose to examine that question further in consultation with my right hon. Friend the Lord Advocate.

Mr. SCRYMGEOUR: May I ask whether the Lord Advocate is considering the representations which have been made to him on this matter by leading public authorities in the district?

Sir J. GILMOUR: Oh, yes. The Lord Advocate has been in communication with the Procurator-Fiscal on this matter.

Mr. JOHNSTON: Can the right hon. Gentleman say why the body was not removed to the nearest mortuary instead of being kept in this old shed?

Sir J. GILMOUR: I am not aware as to whether it was possible to remove the body to the nearest mortuary. I have made particular inquiries as to the arrangements made and as to the suitability of the place to which the body was taken, and I am quite satisfied.

HOUSING.

SCOTLAND.

34. **Mr. HARDIE** asked the Secretary of State for Scotland how many houses, other than those built of stone, brick, or concrete, have been erected this year in Scotland?

Sir J. GILMOUR: I am endeavouring to obtain the information asked for and I shall communicate with the hon. Member after the inquiries, which are now being made, have been completed.

36. **Mr. STEPHEN** asked the Secretary of State for Scotland if in view of the Report of the condition of unsanitary houses in Glasgow, he will consider the introduction of legislation to make it illegal for property owners to take rent for houses which have been declared unfit for human habitation by the sanitary authorities?

Sir J. GILMOUR: Local authorities already have statutory powers to deal with houses unfit for human habitation either by requiring the owners to make them habitable or by closing and demolishing them. In the circumstances I am not prepared to consider the introduction of further legislation on the subject.

Mr. STEPHEN: In view of the fact that there are so many of these houses in Glasgow which are in such a deplorable condition, as is indicated in the Report of the Scottish Department itself, does the Minister not see the importance of keeping people from making profit out of these terrible houses?

Sir J. GILMOUR: Power is already given to local authorities to deal with this problem.

Mr. KIRKWOOD: In the event of the local authorities not playing a human part, is it not the duty of the right hon. Gentleman to step in?

RENT RESTRICTION ACTS.

44. **Commander WILLIAMS** asked the Minister of Health whether his attention has been called to the Report adopted by the London County Council on the subject of the Rent Restrictions Acts, in which it was recommended that the Acts should be continued for a further period of one year; and whether he is yet in a position to announce the proposals of the Government in this matter?

The MINISTER of HEALTH (Mr. Chamberlain): Yes, Sir. I am aware of the Report to which the hon. Member refers, and I have carefully considered the recommendations which it contains. I may state that representations on the subject have been made to me from various quarters, and I have received a number of suggestions for the Amendment of the Rent Restriction Acts, some of which merit careful consideration. In view, however, of the difficulty of finding time during the present Session for an amending Bill, it is proposed to provide for the continuance for one year of the Rent Restriction Acts in their present form by including them in the Expiring Laws Continuance Bill, as was recommended in the Report of the London County Council.

Commander WILLIAMS: Will any special consideration be given to the owners of one house property?

Mr. CHAMBERLAIN: If the present Act is to be included in the Expiring Laws Continuance Bill, it must be without amendment.

MINES DEPARTMENT (MEDICAL INSPECTOR).

41. **Mr. LUNN** asked the Secretary for Mines the name and qualifications of the new medical inspector to the Mines Department; what experience he has had of miners' nystagmus cases; and whether or not he is capable of dealing with the growing number of cases of bronchitis and pneumonia in miners working in deep pits, and mentioned in the recent Report of the Industrial Fatigue Board?

Sir G. HENNESSY: I have been asked to reply. The appointment has not yet been made. Applications are being received, and in selecting the most suitable candidate full consideration will be given to the matters mentioned by the hon. Member.

WEST HAM GUARDIANS (LOAN REPAYMENT).

46. **Mr. W. THORNE** asked the Minister of Health the reason why the West Ham Poor Law Guardians only allow, as shown in the White Paper, for the sum of £138,000 for principal and interest on loans for the half-year ending 30th September, 1927, in the place of £328,363, as shown in his statement on Monday, 6th July, 1925; if he is aware that if the guardians had been called upon to pay the full amount in the same way as the old board of guardians an extra rate of 6d. in the £ would be required to meet the full repayment; and if he intends calling for the full amount to be repaid for 1927?

Mr. CHAMBERLAIN: The total sum in respect of principal and interest which would have been due by the guardians for the half-year to 30th September, 1927, under the original terms of the advances was £198,550 and not £328,563 which was the total sum payable for the whole year 1926-27 on the advances made up to 6th July, 1925, when the statement to which the hon. Member refers was given to him. In order to meet the guardians' desire to avoid borrowing and at the same time to allow the present ratepayers to benefit to some small extent from the

considerable economies which the guardians have been able to effect, the Goschen Committee recommended a temporary postponement of the instalment of principal due at September, 1926, and March, 1927, and the payment of at least £138,000 in respect of principal and interest in the half-year to September, 1927. The Committee propose to discuss with the guardians before the beginning of each half-year the provision to be made for the repayment of the advances in the half-year and they contemplate that the sum to be repaid will increase in future half-years without recourse to further borrowing.

As regards the second part of the question, I would remind the hon. Member that while the present board have avoided all borrowing to meet expenditure incurred by them and have also made some reduction in their rate precepts, the old board borrowed to meet current expenditure, including payments for principal and interest, in the year 1925-26, £650,000, and in the half-year to March, 1926, they paid in respect of principal and interest, £125,116 only as against £138,000 which will be paid by the present guardians for the current half-year.

Mr. THORNE: May I ask the Minister of Health whether he does not think, if the present board of guardians are saving hundreds of thousands of pounds as is reported, that they should meet their obligations every half year?

Mr. CHAMBERLAIN: They are certainly showing a considerable improvement on the practice of the old guardians as they are no longer borrowing fresh money; and they have been able to reduce the precepts on the rating authority. In these circumstances, it seems to me that it would be quite a proper thing that some consideration should be given in the way of postponing the repayment of principal which otherwise would have to be met by Parliament.

Mr. THORNE: Surely the Minister knows that when these particular gentlemen were installed as Poor Law Commissioners £300,000 was handed over to them to go on with, and I should like to ask whether the reason for the postponement of the payment of principal and interest is to wait until the new Bill comes into

operation so that those who are ordered to pay now will not be called upon to pay then?

AGRICULTURE (CO-OPERATION).

47. **Mr. RILEY** asked the Minister of Agriculture what steps, if any, are being taken by his Department to promote co-operation among smallholders and farmers?

The MINISTER of AGRICULTURE (Mr. Guinness): Experience has shown that agricultural co-operation, if it is to succeed in this country, must be a movement by farmers for farmers and that it must spring from within the industry and not be imposed upon it by the Ministry. My Department does, however, aid a certain amount of educational work conducted by agricultural colleges and county councils, and it frequently assists producers' co-operative undertakings with information and technical advice; in addition, facilities are available by means of which co-operative marketing organisations may be granted long-term loans on generous terms to facilitate the acquisition of premises, plant and equipment. Where financial assistance is necessary and can properly be given, I am also ready, in other ways, to help co-operative marketing organisations that are prepared to undertake, as a commercial proposition, the grading and packing of produce on approved lines, or to carry out other marketing reforms.

Major COLFOX: Does not the right hon. Gentleman think that the agricultural community would be more likely to turn their attention to co-operation if all political parties would refrain from holding out a false hope that there is a political solution of their problem?

Mr. A. V. ALEXANDER: Will the right hon. and gallant Gentleman advise the compilers of the market reports to refrain from advising farmers to rely upon protective measures under the Merchandise Marks Act?

Mr. GUINNESS: I do not think the compilers of those reports take any action of the kind suggested by the hon. Member.

Commander WILLIAMS: Will the Minister of Agriculture draw the atten-

[Commander Williams.]
tion of farmers to the few isolated instances where co-operation is at the present time working with great success in this country and where it has actually helped farmers—I can give him one or two cases—to carry over the present bad time?

Mr. GUINNESS: The market reports I think contain the kind of information to which the hon. and gallant Member refers.

Commander WILLIAMS: Is the educational side of the Ministry's administration emphasising the importance of co-operation on every occasion?

Mr. GUINNESS: We are doing all we can.

Captain GARRO-JONES: May I draw the attention of the right hon. Gentleman to the fact that the attempts at co-operation among farmers have failed owing to the lack of some higher guidance, and is there anything he can do to provide this guidance and assist in getting this necessary co-operation?

POST OFFICE.

TELEGRAPH SERVICE.

48. **Sir JOHN POWER** asked the Postmaster-General if he can now state the loss on the telegraphs, on the basis of the commercial accounts, during the year ended 31st March last and how much of it accrued in connection with press telegrams?

The POSTMASTER-GENERAL (Sir William Mitchell-Thomson): The commercial accounts for the year ended 31st March, 1927, are not yet ready, but it is anticipated that the deficit on the telegraph service will be £1,400,000 approximately. The proportion of the loss attributable to press telegrams has not yet been determined, but there is no reason to suppose that there will be any appreciable variation from the figures for 1925-26, when the loss was estimated at about £210,000.

Commander BELLAIRS: Has there been no increase in the charges for press telegrams, and is the right hon. Gentleman aware that the "Daily Mail" has advocated an increase in those charges

on the ground that there is no reason why the public should be saddled with this loss?

Sir W. MITCHELL-THOMSON: There has been no increase in the charges for press telegrams since the last Act was passed some years ago. My hon. and gallant Friend is aware that changes can be made only by legislation, and I am not convinced that an increase of the rates on press telegrams would minimise the loss unless the increase was so large as to be impracticable.

Colonel DAY: Can the right hon. Gentleman say whether a great many more press telegrams were sent last year than in the previous year?

Sir W. MITCHELL-THOMSON: I could not say without notice, but I think the tendency is the other way.

STAFF (RECRUITMENT).

49. **Mr. HARRIS** asked the Postmaster-General at what ages young people, boys and girls, are recruited for the postal service; what branches of the postal service are open to young persons between the ages of 14 and 18; is cognisance now taken of the increasing number of young persons whom it is desired to retain in central schools and other senior schools until they have completed a four-year course at the age of 15 plus; and, if so, what are the appropriate openings in the postal service for ex-central school boys and girls of the age of 15 or 15 plus?

Sir W. MITCHELL-THOMSON: The upper limits of age for entry as boy messenger and girl probationer are 14½ and 15, respectively. For young persons retained at school beyond the age of 15 the following posts are open: Clerical class, writing assistant, sorting assistant, sorting clerk and telegraphist, telephonist, youth-in-training (Engineering Department) and probationary inspector (Engineering Department). The clerical class and the writing assistant class are common to the Civil Service. In fixing the age limits for the various posts, due consideration is given to the school leaving age.

Mr. HARRIS: Would the right hon. Gentleman consult the President of the Board of Education as to the most suit-

able ages for entering the Post Office service? There are developments taking place.

Sir W. MITCHELL-THOMSON: I will consult my right hon. Friend.

TRADE AND COMMERCE.

MERCHANDISE MARKS ACT.

50. Sir J. POWER asked the President of the Board of Trade what steps are being taken for the enforcement of Clause 1 of the Merchandise Marks Act, so that it may be made fully effective from the commencement?

The PARLIAMENTARY SECRETARY to the BOARD of TRADE (Sir Burton Chadwick): A memorandum explaining the requirements of the Section, which was drawn up in consultation with the Customs, was published in the Board of Trade Journal for 5th May. Nearly 10,000 copies of this memorandum have been distributed both directly and through representative bodies such as the Association of British Chambers of Commerce and the Association of Retail Distributors, and in this way and as a result of an extensive correspondence with a large number of firms and associations, I am satisfied that the requirements of the Section are now widely known.

Mr. RILEY: Is the hon. Gentleman aware that this Regulation is having the effect of driving trade out of this country and curtailing employment?

Sir B. CHADWICK: That is rather a wide question to arise out of the question on the Paper.

Mr. A. V. ALEXANDER: Is the hon. Gentleman aware that there is very considerable confusion still in the minds of traders about Section 1, and will the Board of Trade reconsider the matter with a view to applying the Section only in cases where a British trade mark has been applied to an imported article?

Sir B. CHADWICK: The hon. Member has asked me two questions. I cannot say anything about policy. As to lack of information, if the hon. Member will bring to my notice any case where that exists, I shall be glad to look into it.

PORTUGUESE VESSELS (IMPORT DUTY REBATE).

51. Lieut.-Commander KENWORTHY asked the Parliamentary Secretary to the Overseas Trade Department if he is aware that the Portuguese Government is granting a special rebate of 10 per cent. off the duty on all imported goods carried in Portuguese vessels; and whether, in view of the commercial treaties existing between this country and Portugal, any protest against this rebate has been made to the Portuguese Government in the interest of British shipping?

52. Major CARVER asked the Parliamentary Secretary to the Overseas Trade Department if he is aware that the duty on edible vegetable oils is now £25 per ton from this country to Portugal, and that the Portuguese Government is granting a special rebate of 10 per cent. off the duty on all imported goods carried in Portuguese vessels; and, in view of the effect on export business from Hull, where the bulk of this class of oil is produced, will he approach the Portuguese Government with the view of having this duty modified?

Sir B. CHADWICK: The rebate is granted under a Portuguese Decree of 22nd November, 1921. As the Anglo-Portuguese Commercial Treaty of 1914 secured, not national, but only most-favoured-nation treatment for British shipping, there are no treaty grounds on which a protest to the Portuguese Government could be based. His Majesty's Government, however, protested against the rebate on general grounds in 1921, but without avail. The Portuguese import duty on edible vegetable oils was increased as from 15th November last to about £25 per ton from £2 10s. per ton, and representations against this increase were made by His Majesty's Ambassador at Lisbon in December last and again in May, but, unfortunately, without success.

Lieut.-Commander KENWORTHY: Is the matter to be allowed to rest at this point? Are we to be content only with these representations, of which, apparently, no notice is taken?

Sir B. CHADWICK: Notice has been taken and representations have been made.

Lieut.-Commander KENWORTHY: No notice was taken by the Portuguese Government. Are there no further steps that we are taking in the matter?

Major CARVER: Is my hon. Friend aware that this Decree of the Portuguese Government is crippling the export trade of Hull and employment there, and as we understand that Portugal is our oldest ally will he not bring some pressure to bear on that country and ask the Portuguese to look upon this matter in a more friendly way?

Sir B. CHADWICK: I am aware that this decision of the Portuguese Government is operating unfavourably to the port of Hull in certain directions, but, as I have explained, the Government have made representations to the Portuguese Government, which raised this duty on oil for the protection of its own olive oil industry.

INTERNATIONAL OPIUM CONVENTION.

54. Mr. CAMPBELL asked the Secretary of State for the Home Department if he will state which of the signatory Powers to the International Opium Convention of February, 1925, have deposited ratifications of that convention; whether that convention is now in force; and, if not, whether he can say when it is likely to become operative?

Sir G. HENNESSY: I understand that since the replies given to the hon. Member on the 14th February and 17th November last, the Netherlands, Bulgaria, Czechoslovakia and Poland have ratified the Convention. As stated in the reply of the 17th November, the Convention cannot come into force until the requisite number of ratifications prescribed in Article 36 have been deposited. His Majesty's Government have done their best to urge ratification by the other signatories.

NEWFOUNDLAND POWER AND PAPER COMPANY (GUARANTEE).

55. Mr. LUNN asked the Chancellor of the Exchequer what is the total amount of the guarantee by the British Government, under the Trade Facilities Act, towards the construction and equipment of the Cornerbrook, Newfoundland, paper and pulp work; whether the negotiations for the sale of the works to an American combine has been completed; and what is the likelihood of the British Government receiving back the full amount of its outlay on these works?

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): His Majesty's Government guaranteed in 1922 under the Trade Facilities Acts the payment of interest and principal in respect of £2,000,000 "A" debentures of the Newfoundland Power and Paper Company. As regards the negotiations for sale by the company of their property, I have nothing to add to the reply which I gave to my Noble Friend the Member for Shrewsbury on the 28th June. The hon. Member will observe that this transaction was a guarantee of the service of certain securities of a commercial firm. His Majesty's Government have not at present been involved in any outlay.

Captain GARRO-JONES: When these advances are made to these people, is there no safeguard in the guarantee that the concern will not be transferred out of the control of British owners?

Mr. McNEILL: I do not understand the hon. and gallant Member.

Captain GARRO-JONES: When these sums are guaranteed by the British Government, is there no safeguard in the guarantee to ensure that the property will not be transferred to foreign hands?

Mr. McNEILL: I could not answer the question in that form without notice. Of course, we have control over the securities.

Sir FREDRIC WISE: May I ask whether this £2,000,000 is a first charge on the property and whether the £2,000,000 is guaranteed by the British taxpayer and the taxpayer of Newfoundland?

Mr. McNEILL: I could not say anything with regard to the taxpayer in Newfoundland. My hon. Friend knows very well the conditions of the Trade Facilities Act. These are "A" debentures, which are a first charge. We guarantee the principal and interest of these debentures.

Sir F. WISE: Are there any other debentures to be put in front of the "A" debentures?

Mr. McNEILL: Not that I am aware of, but I would like notice of the question if my hon. Friend wants a precise answer.

Colonel GRETTON: Is the guarantee of the British Government to be continued to a foreign combine?

Mr. McNEILL: I have already said, in answer to former questions, that negotiations are going on, and it is impossible at present to make any statement with regard to those negotiations. The question put to me by my hon. and gallant Friend might involve what are the terms of the negotiations.

BILL PRESENTED.

AGENCIES AND REGISTRIES BILL,

"to make provision with respect to certain agencies and registries; and for purposes in connection therewith," presented by Mr. Rose; supported by Mrs. Philipson, Sir Walter de Frece, Lieut.-Colonel James, Mr. Sexton, Mr. Hayday, Major Sir Archibald Sinclair, Mr. Macpherson, Mr. Kennedy, and Mr. Kidd; to be read a Second time upon Monday, 25th July, and to be printed. [Bill 156.]

MESSAGE FROM THE LORDS.

That they have agreed to:

Bristol Water Bill,

Smethwick Corporation Bill, with Amendments.

Rabbits and Rooks Bill [*Lords*],

That they request that the Commons will be pleased to give leave to Sir Charles Wilson, a Member of their House, to attend, in order to his being examined as a witness before the Select Committee appointed by their Lordships in the present Session of Parliament on the Rabbits and Rooks Bill. [*Lords*.]

BILLS REPORTED.

Isle of Wight Water Bill [*Lords*],

Reported, with Amendments; Report to lie upon the Table, and to be printed.

Royal Albert Hall Bill [*Lords*],

Reported, with an Amendment; Report to lie upon the Table, and to be printed.

Wessex Electricity Bill [*Lords*],

Gainsborough Bridge Bill [*Lords*],

Reported, with Amendments; Reports to lie upon the Table, and to be printed.

Peterborough Corporation Bill [*Lords*],

Reported, with Amendments [Title amended]; Report to lie upon the Table, and to be printed.

Fleetwood Urban District Council Bill [*Lords*],

Reported, with Amendments, from the Local Legislation Committee (Section A); Report to lie upon the Table, and to be printed.

WRITTEN ANSWERS.

MOTOR TRAFFIC (DRIVERS).

Sir R. THOMAS asked the Minister of Labour whether, in view of the increasing numbers of public motor vehicles, he will consider the desirability of drawing up statutory regulations governing the hours of work, rates of pay, and standards of physical fitness of the drivers of such vehicles?

Mr. BETTERTON: I have no power to make general regulations of the kind referred to.

GOVERNMENT DEPARTMENTS (TYPISTS).

Sir W. de FRECE asked the Minister of Labour what is the number of the temporary staff employed in headquarter offices, divisional offices, and Labour Exchanges, respectively, in each of the following grades: Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists; and whether he can state the average length of service of the shorthand-typists and copying-typists concerned?

Mr. BETTERTON: The numbers of Grade 1 and Grade 2 shorthand-typists and Grade 1 and Grade 2 copying-typists employment in headquarter offices, divisional offices and Employment Exchanges

of the Ministry of Labour are given in the statement below. The average length of service in each grade is also shown in the statement.

Grade.	Headquarters Offices (including Claims and Record Office).	Divisional Offices.	Employment Exchanges.	Average length of service of whole grade.	
Grade 1 Shorthand Typists ...	15	20	39	yrs.	mths.
" 2 " " " ...	7	6	38	4	11
" 1 Typists ...	29	36	27	3	4
" 2 " " " ...	1	16	11	4	4
				3	4

Mr. SNELL asked the Secretary of State for Air what is the number of temporary staff employed in headquarters and out-station offices of his Department, respectively, in each of the following grades: Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists; and whether he can state the average length of service of the shorthand-typists and copying-typists concerned?

Sir S. HOARE: As regards the first part of the question, the following table gives the information required by the hon. Member:

	Head- quarters.	Out- stations.
Shorthand-typists:		
Grade 1 ...	14	58
Grade 2 ...	—	35
Copying-Typists:		
Grade 1 ...	36	14
Grade 2 ...	1	10

In addition, four secretarial shorthand-typists are employed at the Royal Aircraft Establishment, Farnborough.

As regards the second part of the question, the average length of service of the typists at headquarters is: shorthand, Grade 1, 6 years; copying, Grade 1, 7 years, 11 months; copying, Grade 2, 7 months. To ascertain the average length of service of the typists at out-stations would involve detailed inquiries, and the expenditure of considerable time and labour, which, in the circumstances, would not, I think, be justified.

CHINA (BRITISH SUBJECTS).

Sir R. THOMAS asked the Secretary of State for Foreign Affairs how many British subjects still remain in China outside the areas under the protection of the Shanghai Defence Force?

Sir A. CHAMBERLAIN: No exact statistics are available, and any estimate is liable to be misleading, as it would include persons at places well defended by His Majesty's ships or by the military forces of other Powers. As regards the number of British subjects in the interior of China, I would refer my hon. Friend to my reply to the supplementary question of my hon. Friend the Member for South-East Essex (Mr. Looker) on the 4th April last.

SWEETS (WRAPPERS).

Sir R. THOMAS asked the Minister of Health whether, with a view to cleanliness and having regard to the widespread practice of exposing sweets for sale in the streets, he will consider legislation to compel the packing of all sweets in bar form in transparent wrappers?

Mr. CHAMBERLAIN: I will consider the question in connection with that of the protection of other foods.

OLD AGE PENSIONERS, WEST HAM.

Mr. GROVES asked the Minister of Health the number of old age pensioners temporarily sick and inmates of any one of the institutions of the West Ham Union and whose pensions are collected by the

guardians as a contribution towards maintenance; whether such practice is authorised by his Department; and whether he is aware that in many cases where a pensioner is away from home for a short period the rent of the room occupied therefore runs into arrears?

Mr. CHAMBERLAIN: I regret that this information is not in my possession, but I will make inquiries and communicate with the hon. Member.

EMERGENCY REGULATIONS (RELEASED PRISONERS).

Mr. LAWSON asked the Home Secretary the number of persons convicted in connection with the national strike and the coal dispute of last year who were released before the completion of their sentences?

Sir W. JOYNSON-HICKS: The number is 65.

INDIA.

MEDICAL SERVICE.

Sir R. LUCE asked the Under-Secretary of State for India what is the number of temporary medical officers, European and Indian, respectively, serving in the Indian Medical Service at present; and what is the present strength of the Indian Army compared with that in 1922?

Earl WINTERTON: The number of temporary officers in the Indian Medical Service shown in the Indian Army List for April last is 138. The number of Europeans among these is negligible. The strength of the Indian Army in 1927 is, approximately, 80 per cent. of its strength in 1922.

OPIMUM.

Mr. CAMPBELL asked the Under-Secretary of State for India, for each year 1923-26, the acreage under poppy cultivation in India; the total amount of raw opium produced; the total quantity of opium exported; and the revenue derived from opium in each of those years in British India and the native States, respectively?

Earl WINTERTON: The latest figures available are:

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		Acreage in British India.	Production in British India.
		Acres.	lbs.
1923-24	...	133,500	2,122,000
1924-25	...	114,198	2,340,000

Exports from India.

			lbs.
1923	...	...	1,196,160
1924	...	...	1,143,902
1925	...	...	939,982

Net opium revenue of the Government of India.

			Rs.
1923-24	...	...	1,66,02,095
1924-25	...	...	1,44,19,050
1925-26	...	...	2,03,52,437

No figures are available in respect of the Indian States.

AIR PAGEANT, SCARBOROUGH.

Colonel DAY asked the Secretary of State for Air what machines and material belonging to the Royal Air Force will be used in the air pageant at Scarborough on Saturday, 9th July?

Sir S. HOARE: There will be no Royal Air Force machines or material at this pageant.

ROYAL NAVY (STAFF COURSE).

Colonel DAY asked the First Lord of the Admiralty the number of executive officers who have applied to take the staff course during the last 12 months; and the number of these applications that have been refused?

Lieut.-Colonel HEADLAM: The number of executive officers to be appointed to the Staff Course annually is fixed at 25. The number of applicants during the last 12 months was 77, of whom 25 were selected for appointment.

NAVAL DISARMAMENT (BRITISH PROPOSALS).

Colonel DAY asked the First Lord of the Admiralty the full particulars of the British scheme to classify and limit warships that was proposed at Geneva?

Lieut.-Colonel HEADLAM: The following table shows the original British proposals for the classification and limitation of warships, in the form in which they were put forward immediately after the meeting of the Conference on 20th June:

MORPHIA (EXPORTS).

Mr. CAMPBELL asked the President of the Board of Trade the amount and value of British-made morphia and morphia salts which were exported in the years 1925 and 1926, and the countries to which these exports were consigned; and whether he is satisfied that the morphia so exported was required for medical and legitimate purposes only?

Sir W. JOYNSON-HICKS: The amount of morphia, *i.e.*, alkaloid, salts and the morphia contained in medicinal preparations, exported to each country in 1925 and 1926 is given in the Table annexed. It is not possible to distinguish between British and foreign morphia, but it may be taken that practically the whole amount exported was of British manufacture. I regret that I am unable to give information as to the value of the exports. No export of morphia is licensed until my Department is satisfied that it is required for legitimate purposes.

Following is the Table:

Exports of Morphia during 1925 and 1926.

Country.	1925. Ounces.	1926. Ounces.
Austria	4,050'90	1,863'71
Belgium	5,004'34	1,971'69
Czecho-Slovakia	4,123'98	2,610'76
Denmark	2,740'17	1,845'04
Finland	1,767'04	962'88
France	22,414'15	16,462'46
Germany	7,865'21	—
Holland	3,012'25	1,034'73
Hungary	1,470'77	600'39
Irish Free State	1,053'25	1,065'63
Italy	3,136'11	734'37
Poland	1,536'01	3,070'27
Roumania	1,488'43	324'48
Spain	2,957'90	4,778'64
Sweden	1,199'42	1,872'46
Switzerland	4,164'20	9,701'96
Yugo-Slavia	1,327'94	731'88
China	784'07	1,478'65
India	1,906'00	1,427'21
Japan	2,741'71	1,181'09
Canada	6,450'38	5,776'20
New South Wales	3,574'52	3,499'12
Victoria	1,045'24	1,260'59
Union of South Africa	986'79	1,182'16
All other countries	8,925'01	7,852'392
Total	95,725'79	73,288'762

INSURANCE (INSPECTION).

Mr. HORE-BELISHA asked the Financial Secretary to the Treasury with reference to the powers of the Registrar-General of Friendly Societies under Section 50 of the Industrial and Provident Societies Act, 1893, whether he is aware that this Section provides an inadequate protection for persons insured with companies, either operating dishonestly or in financial difficulties, seeing that the Registrar only has power to appoint an inspector upon the application of one-tenth of the members, and the members are considered to be not those who are insured but the shareholders; and whether, in these circumstances, he will introduce legislation to give power to the Registrar-General to inspect and take action whenever justice may require it?

Mr. McNEILL: The power of the Chief Registrar of Friendly Societies is limited as the question states except in cases where a society is carrying on industrial assurance business. In that case the Chief Registrar can inspect without any application by members. The legislation recommended by the Departmental Committee on the Assurance Companies Act, 1909, contains provisions for enabling the Board of Trade to apply to the Court for power to inspect any insurance undertaking. This matter is under consideration.

LETTERS (ADVERTISEMENTS).

Sir W. de FRECE asked the Postmaster-General if letters in this country containing the post stamp "Come to Britain" are subjected to a duty by any foreign Governments or Dominions of the British Empire as advertising literature; and the names of the Governments which have taken this action?

Sir W. MITCHELL-THOMSON: The words "Come to Britain" are not used as part of any official postmark. I cannot say whether a letter bearing those words would be charged duty abroad as advertising matter. If my hon. Friend has any information on the subject, I shall be glad if he will communicate it to me, so that I may make inquiry.

ORDERS OF THE DAY.

GOVERNMENT AND THE HOUSE OF LORDS.

VOTE OF CENSURE.

Mr. RAMSAY MacDONALD: I beg to move,

"That this House regrets that the Government has put forward a scheme for fundamental changes in the House of Lords which gerrymanders the constitution in the interests of the Conservative party, deprives the House of Commons of that control over finance which it has possessed for generations, entrenches the House of Lords, on a hereditary basis, more firmly against the people's will than for centuries past, and, in defiance of every precedent of modern times, robs the electors of power to deal with the House of Lords; and this House declares that it will be an outrage on the constitution to force such proposals through Parliament without a mandate from the people."

The Prime Minister and the Government will require no explanation of why this Resolution has had to be put on the Paper. On 20th June, the Lord Chancellor in another place made a speech which, since then, I think has eclipsed the major part of our political interests. It was a speech which bore all the traces of official instruction and inspiration. It was a speech which, we were informed, had been delivered after full reflection. We were told the proposals made by the Lord Chancellor had, first of all, been produced by a Committee of the Cabinet, and, having been produced and considered by that Committee, had been discussed by the Cabinet, and that what the Lord Chancellor was saying and proposing and announcing was practically on the instructions and with the knowledge of the Cabinet. Two other Ministers took part in that Debate. One of them went the length of saying that not only were those proposals the result of a Cabinet decision, but that that decision had been carried still further, and that before this Parliament came to an end those proposals should be embodied in a Bill and carried through both Houses.

There was no doubt at all as to what was in the minds of the Government and the Lord Chancellor and others on the 20th day of June. Some things have hap-

pened since. There has been a serious revolt on the benches behind the Prime Minister. I have had various figures supplied to me, and according to those figures—I shall take them on the authority given to me—80 Members have shown hostility, 103 have shown such lukewarm interest in supporting the Government that that interest amounts to a warning, that if they are pushed a little further they will cease to do it altogether, and 14 have endorsed the fully-considered proposals of the Cabinet regarding the Second Chamber. As soon as my hon. and right hon. Friends read the speech of 20th June, they thought the Government would do the only decent and appropriate thing and give this House an opportunity of considering what was happening. The proposals made in the other place very seriously curtailed the privileges of this House. They made fundamental alterations in the structure of the Constitution, and there is no doubt they entrenched upon the Royal Prerogative.

My colleagues and certainly myself are old-fashioned enough to believe that the first place—not the second place, but the first place—where an announcement like that should be made is the House of Commons. They assumed—I was not in it—that the Prime Minister and the Government had probably overlooked that fact, possibly through pressure. At any rate, they were charitably inclined and they were prepared to let the matter alone provided that, as soon as they approached the Government, the Government would say to them, "Certainly, we desire to give the House of Commons every opportunity for discussion." Contrary to that, they found that the Government were very anxious that there should be no discussion at all in the House of Commons, and when the Government were asked to make a statement in the way that statements have been made before—to inform the House what they proposed doing, to enable us to have a discussion, and on that discussion to make up our minds about what policy we should pursue—the Opposition was denied that right and, I venture to say, that on that occasion it was not the Opposition, it was the House of Commons that was denied it. Therefore, the only alternative open to us was the one that we have taken, the alternative of moving a Vote of Censure.

[Mr. R. MacDonald.]

I do not think a Vote of Censure is the appropriate method in such circumstances, and we have only adopted that method because hon. Members opposite as well as those sitting on this side, but for that Motion being put down in that form, and in that form only, would have no opportunity of discussing the speech of the Lord Chancellor. Various Amendments have been put down. I am now told none of these Amendments will be moved. The Government cannot get a united vote except upon a negation. There is not a single proposal that can be brought forward in this House by the Government themselves or by any section of their following, regarding a Second Chamber that can have a united Tory vote behind it. Therefore, they have adopted the expedient of saying, "Let us have no Amendments; let us have no declaration at all so far as the House of Commons is concerned, but let us unite our divided party and go into the same Lobby against a Vote of Censure"—as, of course, hon. Members are in loyalty bound to do. The Government say, "Let us raise this question of fundamental and primitive party loyalty upon a Resolution, the form of which we have forced the Opposition to adopt, and on which we have declined to allow the House of Commons to discuss the Constitution of this country after it has been discussed for two or three days in the House of Lords, and at 11 o'clock at night after the Opposition has moved, you will come into the Lobby with us—a united following upon nothing except that you do not want your Government to be censured." I do not care about the Division to-night, and I do not care about the figures, but I do care about the discussion that is going to take place. The proposal which has been made is going to change seriously and, I sincerely think, for the worse—perhaps hon. Members do not agree with me—the political temper of this country. I think it is going to change the confidence that outsiders have in Parliament. I think it is going to re-orientate our political minds, and, this is certain, it will continue to influence politics long after those of us who are on the stage to-day have ceased to play any part in mundane affairs. I therefore think, whatever Division Lobby hon. and right hon. Gentlemen find themselves in to-night, we ought to use the opportunity

of this discussion to make perfectly plain how we stand regarding this proposal or similar proposals.

Now what are the proposals? They are threefold. They limit the constitutional privileges of individual peers and thereby limit the prerogative of the Crown. The power to appoint a peer will no longer carry with it the privileges that it carries with it at the present moment. The second thing is that they fix the membership of the House of Lords, and they thereby establish for ever the ascendancy of the House of Lords over this House, and the House of Lords, which is to enjoy that ascendancy, is one which is firmly based upon the hereditary principle. The hereditary principle is enshrined in our Constitution, and not only enshrined in it, but is abstracted from the democratic principle in that Constitution and made absolutely independent of it. The third point is that the Government propose to deprive this House of its hard-won right to be the sole authority on the disposal of national finance. If madness is a mark of the favour of the gods, this Government is peculiarly endowed by that blessing.

Let us see in Parliamentary terms what the working of that Constitution means. First of all, whoever is in office, the Tories are in power. I am not at all sure but that the Prime Minister, in so far as he has agreed to this, has agreed to it with a great sense of relief. So long as he remains the head of the Government, he, as indeed is the case with everybody who is in that position, has an exceedingly difficult job, an exceedingly worrying, troublesome job. He proposes to give up that job, perhaps, to transfer himself over here, and while he sits here, in the place that I now occupy, he is still the ruling authority in the country. It really is a most attractive and most enviable proposition from the point of view of a Tory Prime Minister. We have heard, with an air of superiority and with either a breathed or an unbreathed prayer of thanksgiving, that we were born happy British children, that in foreign countries, when they want to secure that a certain party shall remain in office after a General Election, they send soldiers to guard the ballot boxes and prevent Oppositions and supporters of Oppositions placing

their ballot papers in the ballot boxes. We hear of other countries that stuff ballot boxes. The representatives of the party in power come in with their pockets stuffed with ballot papers made out, which are conveniently placed into the ballot boxes in order to keep them in power.

We have here a far better method. I wish, if they want to keep in power, they would send soldiers down to guard the ballot boxes. It is a good, old, honest, straightforward way of doing it. I wish they would try to stuff the ballot boxes, but no, what they do is this: They say, "There is a key position in the Constitution, and we do not care what happens in the ballot boxes in future. General Elections are to be mere farces. There are King, Lords, Commons. If we give the Lords a position which makes them more powerful politically than the King and more powerful politically than the Commons, and if we capture the Lords, then we are safe. We will let the Liberals, we will let the Socialists, we will let the Labour party, individually or collectively, go to the ballot boxes, have their propaganda, spend thousands upon thousands of pounds in General Elections, get public opinion converted in their favour and against us. What does it matter to us? We will go to an election, and we will have a majority in the House of Lords who will see to it that our work and our policy prevail."

There is no Prime Minister, there is no man of any self-respect, who would undertake the arduous and thankless duties of being a Prime Minister and of being personally responsible for the Government of this country, who would sit where the Prime Minister is now sitting and be in a position of not being able to guarantee that what he and his colleagues desire to be done, because they believe it ought to be done in the national interest, should be done—who would sit there and feel that up there there is a permanent Tory block, charged not with looking after national affairs, but with looking after Tory affairs. There is not a man of any self-respect, with any ability to carry out the responsibilities imposed upon that office, who would sit in that place, because he would feel that he was being made a mere fool of and that, instead of

a working Constitution, he had to deal with a machine which condemned him to failure before he began his work.

Another Parliamentary point, another historical point, a point which is well worth looking back upon, so that Ministers and those who support them may know exactly what they are doing. The point is one for which this House has stood—sometimes against one element in the Constitution and sometimes another—that no power within the Constitution is going to be able to decree its dissolution except itself. We have had fights against the monarchs, but that has now gone. It is the result of very important fights that we have taken that power from the Sovereign, who used to be able to summon his Ministers one morning and say, "Thank you very much for what you have done, but I will be very much obliged if you will hand in your seals, because I have decided that somebody else shall take them." That has gone. Hon. Members opposite, however, say that what this House would not take from the hands of a Sovereign, it is going to take from the hands of a few Peers. The idea that all that a progressive Minister has to do, when the other place, the reconstructed other place, stands in his way is to go to the country—what does it mean? That is exactly what the Monarchs used to do. They never acted in their own interest; of course not. They always acted in the interests of the country, and that which the House of Commons did not tolerate, and will not tolerate now, the Government propose should be exercised by the Peers, because, forsooth, the representatives of 700 gentlemen drawn

4.0 p.m. from one set of interests, and one social class, are to decree in respect of this, that and the other thing, that the House of Commons is for the time being exceeding its authority, and is not in step with the public opinion that sent it there. No, we shall not surrender to them the right to dissolve us when they think fit. We know how they would exercise it. To-day we have a Second Chamber, the House of Lords, which claims to be an impartial authority, and which, according to those Debates—the reference we can make to them must be somewhat limited—is prepared to take on this job. Why not take it on next week?

[Mr. R. MacDonald.]

They have got a very good chance. They have now got a Bill before them which, I am perfectly certain, had we an impartial Second Chamber, would not be passed. I admit that I have, over and over again, been inclined to agree that, as a purely academical proposition, as a proposition one likes to work out at one's own fireside, at one's own desk, writing on sheets of foolscap, discussing all sort of proposals for constitution building, a most attractive problem is, could we fit into our Constitution some sort of mechanical device so that if and when a Government democratically elected for a constitutional period of years—now five—nevertheless in the interval should be guilty of some step which was obviously contrary to the will of the nation—could we fit into our Constitution some sort of supplementary brake which would mean that the Government acting in that way within five years of office should be compelled to go to the country?

It is a most enticing proposition. I am not prepared to discuss it; it would only be wasting the time of the House to do so. But whatever answer you give to that, whether you say you can or cannot do it, one thing that you cannot do is to make that brake of little pieces of mechanism of a purely partisan description. The Government propose to make this brake out of people, some of them the most admirable and worthy men, mixed just as we ourselves are, but all of one interest, and that interest a Tory interest. Supposing we were in this position. Supposing we had a majority of 200. Whether we had a majority in the country or not, we will leave out of account. But supposing I and my colleagues were in this position, that we had 200 good, loyal men behind us, and we said we believe in a Second Chamber, we believe in creating something that will guard the country against a Government that is abusing its power, but that the mechanism for that is not to be found in the raw material of the Peerage, but it has got to be found in the raw material of trade union general secretaries. Why not? They are men of experience, men who have come up from the ranks. I will undertake to say that if it is an alternative between the Peerage and trade union general secretaries, we will

put up a far better case, and that none of the obvious objections to our proposal are special to our proposal, but are shared by our proposal and the proposal of the Government. That is the position, and if the Prime Minister would only use his imagination, and put himself in other people's shoes, imagine what he would feel if he were the leader, not of the Tory party, which is going to get that power, but the parties which are fighting to get public opinion in their favour, and when they succeed in the country, find themselves in such a position, then he will understand why we regard his proposals in the way we do. The very worst type of Second Chamber is the type based on heredity.

There is a third point I want to make from the point of view of the working of these proposals, and from the point of view of Parliamentary genius and of requirement. This act of the right hon. Gentleman's Government is a purely revolutionary act. It is the act of a revolutionary junta. I have read the Debates in the other place, and I have read various speeches that have been made outside. A speech on Saturday was an illuminating speech in which the Secretary of State for War displayed the red light. For the purpose of this argument, I am not going to say anything about their having no mandate for the General Election. I am not going to say anything about their having no support now. What I do say is that no Government, placed as this Government is, can, except by a revolutionary act, divide the Constitution into two absolutely watertight compartments from the point of view of Parliamentary working, and then place the House of Lords, the new Second Chamber, in a position quite independent of the country, and do that by a purely temporary Parliamentary majority. It cannot be done, and nobody knows better than the Prime Minister himself that his action is the action of a temporary majority making permanent changes, without our consent, without Parliamentary consent, without any attempt being made to get a national agreement upon it, but using his Parliamentary majority to effect a change in the Constitution which is to be permanent, and which, when made, cannot be unmade in the same way that it is being

made. If that be not revolution, I do not know what is. We have always been accustomed to talk of our Constitution being a constitution of balancing power. Now the essential condition of a balanced constitution is that one party or the other should in the background have the power to solve a deadlock.

That no longer exists. There is no power now in the constitution—neither the Sovereign, nor the Lords, nor the Commons has the power now to solve a situation which arises on account of a breakdown owing to a lack of the balance of the constitution. The right hon. Gentleman is destroying the balance of constitution, and he is creating a constitution with a deadlock right at the centre. I hope the right hon. Gentleman will very seriously concern himself with those points before this Bill, which, we assume, he is going to force through, is produced, because it certainly means that as soon as he leaves off, he puts his successor in the unfortunate position that he is responsible for adopting some such device as withholding Supply, or some other revolutionary act, in order to undo a revolutionary act which the right hon. Gentleman is contemplating.

There is one other point which I would submit with great seriousness and deference to the whole House, and that is, why is this being done now? I am told that the Labour party has arisen, that the Labour party throws a shadow of possible revolution, that we may go too far and too fast, and so on. I do not believe it, and I do not believe those who use the argument believe it. No country has ever yet gone too fast without having been compelled, first of all, to go too slow, without in some cases, as it is to-day, being compelled to go too fast backwards. I doubt very much whether all the Prime Minister's historical reading will enable him to produce a single case of a country, that from contentment and confidence in its Government, that from a feeling of security that whoever is in office legislation is always more or less in its hands, that if it disagrees with what is being done it can always put a check on it—I would be very delighted indeed if he would tell me of a country in that condition which indulged in revolution as a pastime. But I will tell him of scores of countries which have

Tory Governments, with rigged constitutions in their own favour, that blocked progress, that went back, that deprived the common people of their rights and privileges, and that then went into revolution.

The problem I put to the right hon. Gentleman is this: Who is to blame for that revolution? The men who appear to be the leaders of the revolution, or the men who were at the head of the Tory Government who created it? That is going to happen. That is what is happening now. If there is any danger in this country now, it is not that we are going too fast, but that we are going too slow. The right hon. Gentleman knows it. Take the history of his own party. For 40 years the Unionist party opposed Home Rule for Ireland. For 40 years we were told that Home Rule for Ireland was going to disrupt this country, was going to smash us, and for 40 years they ruled as a Tory Unionist party in order to prevent Home Rule for Ireland. They then underwent one of the most disgraceful surrenders that any party in this country has ever undergone. For 40 years the name of the party, "Unionist," has shown that in their thoughts it was a most important thing to fight for and defend! At the end of the time they had to surrender, not because there was a Coalition, but because they were compelled to. I am bound to confess that if I could ever do anything to get a change made—a necessary and effective change made—before I was compelled to do so I should consider I was doing a very great public service. Those people who are always standing back, those people who are always seeing red, those people who are always objecting to change, those people who never get fears or nightmares of worse prospects for the world, they are the people who, by going too slow, create revolutions and compel successive generations to go too fast.

Take the question of coal. Nothing done; they are too slow. If there be any trouble, the right hon. Gentleman opposite is responsible for it. All those opportunities lost; too slow. Your Trade Union Bill; too far back. That is where the danger lies, and, instead of talking about creating a Constitution which will prevent this country from going too fast, you would be far better employed if you were trying to create a

[Mr. R. MacDonald.]

Constitution that would oil the wheels of both industry and politics in order to enable the country to go faster than it is going. Therefore, under present circumstances and under present inspirations, it is not the pace that hon. and right hon. Gentlemen object to. They are not afraid of revolutions; they are afraid of ideas. What they want is to create a sort of Vatican Council that will look after the Faith. They do not want to protect themselves against these large evils. They want to be able to criticise every little "tuppenny halfpenny" pamphlet that comes out in the form of a Bill and condemn it or circulate it. They are far more interested in preventing town councils running omnibuses, and they want to create a Constitution which will enable them to stop that. But to stop a revolution or to stop large tendencies—they are not afraid of revolution; they are afraid of reform.

There is no case for this change at all. There was not even a case in regard to a Money Bill. I hope I am not out of place, or in any way out of order, in reflecting upon the fact that the only definite case that was brought up as being a possible dereliction in the application of your authority, Mr. Speaker, in settling what was a Money Bill, was occasioned by a blunder, a stupid blunder. Because two Bills had the same title it was assumed by one of those City gentlemen that they must also have the same contents. There has been no case made out even in favour of this Joint Committee for Money Bills. As regards this proposal for a Money Bill Committee I say this. I do not care whether your Committee is going to have Mr. Speaker as Chairman with a casting vote or Mr. Speaker with an absolute right of decision over and independent of his colleagues. This House, and this House alone, is the only authority that has any business to interfere with finance.

When a Constitution is ripe for change two things happen. The country is interested and the country is agitated before we are. That is not the case now. The next point is that when the Constitution is changed the country supplies the initiative for change. I have read speeches by people who profess to be great constitutional historians and lawyers, talking about the British Con-

stitution, and that they are all protected this way and that way. Would the right hon. Gentleman, or anybody who is going to speak following him, tell me now or henceforth of a single case of a Constitution having been made by a party majority? Will he tell me of a single case of a Constitution being imposed upon a country without an election or without a referendum? What is more, will he tell me of a single case of a Constitution that has once been written, with all its safeguards, with its First Chambers and its Second Chambers, and so on, that cannot be changed by a direct vote of the people themselves? Why, there is none such. The proposal of the Government is not a constitutional proposal; it is a makeshift, a temporary revolutionary proposal occasioned by the flutter that is in their minds as the result of bye-elections. It is really nothing more.

[*Interruption.*] Hon. Members may laugh as much as they like, but it is nothing more. If any of the right hon. Gentlemen whom I have the greatest pleasure in seeing opposite me, and whom I always admire, believed that they had another five years of office, the Lord Chancellor would never have been instructed by the Cabinet or permitted by the Cabinet to make the statement that he made in the House of Lords. No; never was there a constitutional proposal made with less justification or less excuse than this proposal. Never was there a constitutional change made that was more patently a partisan move and not a constitutional one. For these reasons, I move the Resolution which is down in my name.

THE PRIME MINISTER (Mr. Baldwin): May I express to the right hon. Gentleman the great pleasure which I have in seeing him in his place again and the pleasure of all those behind me? I hope very much he may soon be restored to complete good health. This matter, which we are going to debate to-day, must be approached from a slightly different angle, according to whether one's speech is in support of the Vote of Censure or against it. The only observation I would make at this moment on the Amendment is that I am interested to see that the word "gerrymander" has now the high authority of His Majesty's Opposition, as it now appears in their form of

Motion. The only comfort I derive from that fact is that, if my memory serves me rightly, that most distinguished gentleman, Mr. Gerrymander, was not really guilty of the sin to which his name has been attached. No, Sir, this question which we are discussing to-day, and which I am very glad to have the opportunity of discussing, is one to which certainly two parties—the Liberal party and our own party—have given a good deal of attention and, I think, also a good deal of examination has been given to it by Members of the party opposite. The Reform of the House of Lords, whatever that phrase may mean, is explicit in the Parliament Act. We will leave for the moment what kind of reform, but reform is explicit, and I was peculiarly interested in that part of the speech of the Leader of the Opposition in which he dwelt for some moments on the attractive prospect which is opened up of trying to devise a better system of a Second Chamber than in his view exists to-day. It only makes me regret that he did not devote his great powers to-day in giving us some help in the problem which is before us. But he addressed himself to the question as if it were embodied in a Bill which was at this moment before the House of Commons.

I do not want to take up more time to-day than I am obliged to because many hon. Members want to speak, but before I come to the proposals themselves I must make a few observations upon a Second Chamber as such and upon our own Second Chamber in this country. The necessity for a Second Chamber, I imagine, is felt by a great majority in this country. I think the reasons that make people feel that there is this necessity may be summed up perhaps in some of those reasons which were put forward by that extraordinarily able Report of the Bryce Commission, which was held during the War. The tendency during the last generation—and I am afraid it is a tendency which is bound to increase—is for each Government to bring forward more and more legislation. The work of this House tends to become congested. We have tried to meet it as far as we can in recent years by the device of upstairs Committees, which has been adopted more by previous Governments than by this, and by what I fear has been the necessary curtailment of Debates in this House, and by the use of

the Closure by compartments and measures of that kind. The necessary result of that has been undoubtedly that a mass of legislation within the last decade, or perhaps more, has gone up to the other place in such a condition that examination and emendation is absolutely necessary, not only for the sake of the legislation itself but for the sake of the particular Government that may be in charge of these Measures, who find that in the hurry of legislation in this House they have left out Amendments of their own which they deem to be essential to the framing of the Bills.

Arising similarly out of congestion of business a Second Chamber is of great value for the introduction of Bills of a more or less non-controversial character which the Government yet desire to pass, and in that Chamber they can be so shaped, examined and framed that when they come down to this House there remains but little work to be done upon them, and the Government of the day find themselves able, without unduly trespassing upon the time of this House, to increase the mass product of their legislation.

Then there comes a third point, which I was interested to find was touched upon by the Leader of the Opposition. It is a point, of course, which has always been made with regard to Second Chamber. In some quarters it is made with, perhaps, some exaggeration; certainly an exaggerated view compared with the one which I hold myself. In some quarters, on the other hand, perhaps on the left wing of the party opposite, they may not feel any necessity at all for that point which was alluded to by the Leader of the Opposition, and that is, the interposition of so much delay, and only so much, as may be needed to enable the national opinion to be given when a government brings in proposals of a very novel kind which have not been adequately before the country, or examined by the country—[HON. MEMBERS: "The Trade Unions Bill."]¹—and on which a very great difference of opinion exists; in other words, where opinion may be said to be more or less evenly divided.

There is yet one more function which a Second Chamber performs with the greatest efficiency, and that is to give the country the opportunity of having

[The Prime Minister.]

full and free discussion on matters of great public interest, such as foreign policy, for which it is often difficult, especially at this time of the Session to provide time in the House of Commons, and where those matters may be discussed without the fear that an unhappy division may bring the life of the Government to an end. Those are great advantages, because when people with knowledge are enabled to speak freely, without the fear of being compromised by such a division, you are then apt to get the very kernel of the truth. So far as the position of our Second Chamber goes, I think there will be general agreement amongst all parties, and not only amongst all parties, but amongst Members of both Houses of Parliament. There can be nowadays, no question of a Second Chamber, whether it be called the House of Lords, or whatever it may be called, or whatever form it may take at any time in the future, becoming a really effective rival of this Chamber. I want the House to bear that in mind at this point, because I may have something to say about it later.

There can be no power in a Second Chamber in this country to make or unmake Ministries, and there can be no equal rights in finance. These points have been long established in this country, both by custom and by tradition. Constitutionally, the Executive of this country depends, first and last, on the support of this House, and of this House alone. I am quite sure that everyone in this House would agree with one point that was touched upon by the Leader of the Opposition, that it is not a good thing that we should gradually have evolved a position in this country where the Second Chamber contains such a large majority of one school of thought. It was not always so, by any means. I do not propose to take up time this afternoon in tracing the steps that have led to the present state of things, but that is the present state of things, and it is one that does not make for the strength of the Constitution.

I want at this point to say a word on the question of what is, shortly, termed the Speaker's veto. That question has been examined by the Bryce Committee, by the Coalition Government and by our Government, and I think there has been

a feeling amongst all those who have examined this question and, so far as I know, the view has been shared, I do not say wholly by all parties, but I think amongst all parties, that it does throw a most difficult and invidious task upon that great officer, the Speaker of the House of Commons, to be the sole arbiter between the two Houses as to what is and what is not a Financial Bill. Of some Bills, of course, anyone can see in a moment whether or not it is a purely Financial Bill, but there may easily be Bills which, while purporting to deal only with the raising of money and the spending of money, may have effects in action, both industrially, commercially, socially, and politically of far greater importance than the effects that will arise from the actual finance.

The Bryce Committee, a very representative Committee, representing all parties in, I think, 1916 or 1917, tried for a long time to find some definition which would describe such Bills and be able to differentiate between them, and they wanted to find a definition so clear and succinct that they could embody it in a Statute, if necessary. They failed to find that definition. It is an extremely difficult thing to do, but, at the same time, they expressed the view, with which I certainly agree that the examination of all cases of doubt which have arisen showed difficulties, and I think this would be so in any case, which, it would appear, could be resolved in a comparatively short space of time round a table by about a dozen practical experienced men of goodwill, and such a body would be a Standing Joint Committee; a body which, in one shape or another, has been put forward by each Committee, to whatever party it belonged, that has examined this subject. The duty of that Committee might well be, as was suggested in the Bryce Commission, and as we have suggested, as I shall point out further on, to consider not only the professed purpose but the underlying purpose of the legislation, and to report which of its Clauses, if any, are strictly financial, and therefore only to be dealt with by the House of Commons, and which of its Clauses, if any should be put in a category remoter from pure finance, and which might be dealt with in another place. But in any case, and let there be no mistake about

this, there can be no question of finance being initiated in another place, nor of a charge being increased.

I want to speak for a few moments on the question of the elective principle. I want to do that because that, as I shall show, is the main difference, if not the only difference, at any rate the only difference of importance, between the proposals of the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George) and those put forward by the Lord Chancellor the other day.

Mr. LLOYD GEORGE *indicated dissent.*

The PRIME MINISTER: If my memory serves me aright, and I apologise to the hon. Member if I am at fault, the elective principle was one which the hon. Member for Keighley (Mr. Lees-Smith) was inclined to favour.

Mr. LEES-SMITH: Never.

The PRIME MINISTER: I have read so much of what the hon. Member has written that I apologise if I am confused and have made a mistake. The elective principle is an extraordinarily plausible one, at first sight, for a Second Chamber. There are, undoubtedly, a number of Members in this House who believe that that would be by far the best way in which to attempt the reform of the Second Chamber in this country. The elective principle was mentioned in the preamble of the Parliament Act, and the elective principle was among the proposals put forward by Lord Peel in another place five years ago. But the moment you come to election for a Second Chamber you are immediately faced with this problem. I said five minutes ago, and I believe it commanded assent, that in no case could we contemplate a Second Chamber which would be a rival of this House. There is no question, in my mind, that the shortest way to find a rival of this House would be to set up an elective Chamber along the passage. There is no answer to the argument when they say to you, "Our mandate is the same as yours," and I always feel the danger of the same long struggle between two elected Chambers that we have had in times past between the elected and the non-elected. So far as finance is concerned, I believe

that, ultimately, the result of having an elected Second Chamber would be that the supremacy of this House would be imperilled, and that the utmost we could hope for would be that the two Houses would end by being of equal authority.

There is another difficulty. Every proposal that has been made for reform of the Second Chamber has included limitation of numbers. For effective purposes the Chamber has always been made considerably smaller than this one. That would mean, in election, the constituencies would be far greater, and it would lead to considerably increased expense for those who fought them, and while the whole tendency to-day is to make it easier for men, whatever their means, to come into public life, that, I think, would or might tend to make it more difficult. Moreover, no scheme has been drawn up, that I am aware of, by any of the people who have considered this matter that does not make the tenure of a seat in an elected and reformed Second Chamber longer than the tenure in this Chamber, by providing definite periods for blocks of members to go out and new members to come in. It has always been felt that in making the longer term it would prevent that body from being so subject to violent changes of opinion that might sweep over the country and which, necessarily, would affect this House. If it so happens that that election gives a longer tenure to another place, the attraction of that other place to many of us with an election only once in eight or 12 years instead of once every three years, would, I think, draw many of us to it. Again, it has been suggested that the election, instead of being direct, should be by groups in this House—that has been put forward—or by local authorities, but the principle of election, it seems to me, is the same, and, whether you have the election by groups or parties in this House, or by local authorities, or directly, as we are elected, you never can get away from the fact that the power of elected Chambers must tend to become equal; and there is no question that an elected Second Chamber would never rest until it found itself, certainly not in an inferior position to this Chamber, and it might even find itself

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ultimately in a stronger position, as in the case of the Senate of the United States of America.

I do not think any scheme that has been brought forward yet has entirely omitted the hereditary element. The proportion may be small, but I cannot recall at the moment any scheme that entirely omitted that. The reason for that is not far to seek. In this country we do think a good deal of continuity in our institutions and whatever may be said against the hereditary system as it exists to-day in another place, there is no historical student who would not feel regret if the link were completely severed between that Chamber at the other end of the corridor and the Great Council which was still functioning in this country before the Norman Conquest. If that does not appeal to hon. Members let me remind them, if I may, that six centuries after that Great Council came into being—in the thirteenth century—the House of Commons was first formed to help that Council. The House of Commons would not have been called into existence had it not been that the fight for liberty in that century was won by that House, and if the hereditary element is to remain, I can see no fairer way, fairer to that House itself, than that they should select their own representatives in the same way as for so many years the Scottish and Irish peers have been selected from their own body.

After those observations I wish to pass directly to the matter at issue to-day. The matter at issue to-day would never have been comprehensible if I had not touched on those various points which I have touched upon. To many hon. Members opposite this subject is a comparatively new one and is of little, or only of academic, interest. But it is a real subject to all Governments and it may well be that it is a subject that may have to engage the attention of a Government from the other side when it comes into power, just as it has engaged the attention of each Government that has held office since the Parliament Act. As far as this Government is concerned, I would remind the House of the pledges which have been given by this Government, not pledges as to detail, but pledges to make the attempt to deal with

this question. The first pledge was given before the General Election, at Perth, a pledge was given in a speech of mine at Brighton only two years ago, and a pledge was given by me at a joint meeting of Members of both Houses, when I said that whatever the Government ultimately undertook to do they would do it in the lifetime of the present Parliament.

Mr. LEES-SMITH: Was that a private or a public meeting?

The PRIME MINISTER: It was a private meeting but it was reported in the press, and I think there was no secret about the pledge at all. I wish to answer one question which many Members have, I am sure, put to themselves. Are the Government in this matter acting in a hurry? Have they considered this matter? I think that question deserves a reply. As far as I am concerned, and as far as the Cabinet is concerned, the Leader of the Opposition was quite wrong in his inference that this question had been hurried because we had not held all the seats at by-elections that we held at the General Election. Whatever Government had come into power at this time I think would have made an attempt to deal with this question. Have we been in a hurry? Let me compare our action with that of the Government of the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George), and I take that because that was the Government which put in its programme that it would attempt to deal with this question. I take it for two reasons. It was a Government which, whether it be popular to-day or not, contained an enormous amount of experience and ability, and, secondly, it was a Government that during the four years of its life had to deal with a large number of most difficult, most contentious and most troublesome questions, and yet that Government set up a Committee to investigate this question early in 1921, a Committee of the Cabinet, and it was in the summer of 1922, or 18 months afterwards, that the Cabinet authorised the introduction by Lord Peel of certain Resolutions in another place. That was in July, 1922. We set up our Cabinet Committee in June, 1925. It sent in its first Report to the Cabinet early in 1926 and the discussions did not last more than six months. It was immediately con-

sidered by the Cabinet, but last year owing to other preoccupations it was early winter before the Cabinet could give their attention to this Report. They examined this Report thoroughly, exhaustively, and they amended it, and they sanctioned the introduction of certain proposals in another place about the middle of May.

I give these dates to show the difficulty of this question. You often hear people say that this is a light task, but there is no more difficult and troublesome task, and it took nearly a year of work in case of each of these two Governments, on the part of men of great experience and great ability, to arrive by a process of elimination at certain proposals. I will devote a few moments at this point in comparing the proposals. The fact that there is a family resemblance between the proposals does not arise out of our having copied the conclusions of the late Government. It shows that when any body of men are attempting to implement the pledge given so many years ago by Mr. Asquith—as he then was—it shows there is a tendency by that process of elimination to arrive on examination at very much the same body of proposals. In regard to the Speaker's Veto the present Government proposals, which they put forward, were:

"That the decision as to whether a Bill is, or is not, a Money Bill within the meaning of the Act, or is partly a Money Bill, and partly not, shall be determined by a Joint Standing Committee of the two Houses and that Joint Standing Committee shall be composed of an equal number of Members of each House who shall choose their own Chairman. In coming to their decision the Joint Standing Committee shall henceforth have regard not only to the form but to the substance and effect of the Bill. Bills dealing with local rates shall not be deemed to be Money Bills and the House of Lords have power to deal with matters affecting the local rates."

The Government of the right hon. Member for Carnarvon Boroughs proposed this:

"That while the House of Lords shall not amend or reject Money Bills, the decision whether a Bill is or is not a Money Bill, or is partly a Money Bill, shall be referred to the Joint Standing Committee of the two Houses, the decision of which shall be final. Joint Standing Committees shall be appointed at the beginning of each new Parliament and shall be composed of seven Members of each House of Parlia-

ment, in addition to the Speaker of the House of Commons, who shall be *ex-officio* chairman of that Committee."

The point of the rates was not mentioned in the Coalition proposal. I do not know whether that question was considered or whether it was omitted inadvertently—I have no recollection of that—but the rates point was put in the form which I have read out as one of the conclusions of the Bryce Committee, and it occurs also in the same portion of the Report, if I remember rightly, as their recommendation regarding the Speaker's Veto. As far as the members of that Committee go, or whether the Speaker shall be Chairman or not, my own view is that that is a matter of detail that might well be discussed. Then on the other point, about the Parliament Act itself, I should like to remind the House that the proposal put forward by Lord Cave—

Mr. LLOYD GEORGE: May I interrupt the right hon. Gentleman as he has quoted that? The question surely is whether the House of Commons has got a majority of that Committee. Under the proposals of 1922 there was a distinct majority. Mr. Speaker was added to the seven Members of the Commons. In addition to that, he was in the Chair, and had a casting vote as such. That is very vital.

The PRIME MINISTER: Perhaps what I have said will appear clearer when I have got a little further with what I have to say. I shall have some observations to make very soon which will make it clear. The proposals put forward by Lord Cave were:

"The provisions of the Parliament Act, 1911, by which Bills can be passed into law without the consent of the House of Lords during the course of a single Parliament shall not apply to any Bill which alters the constitution or power of the House of Lords as set out in the Parliament Act and these Resolutions."

The Coalition Government's proposal was this:

"That the provisions of the Parliament Act, 1911, by which Bills can be passed into law without the consent of the House of Lords during the course of a single Parliament shall not apply to any Bill which alters or amends the constitution of the House of Lords as set out in those Resolutions or which in any way changes the

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powers of the House of Lords as laid down in the Parliament Act and modified by these Resolutions."

I cannot see the difference between these two. I need not waste any time in discussing the proposals of the two Governments regarding the composition of the House, except to say here that it was only after the most careful and lengthy examination of what we conceived would be the effect of admitting an elected portion to the Second Chamber that we finally rejected the idea of election and chose instead the principle of nomination. I wonder whether hon. Members recollect what was the complaint made in 1922 against the Government on the Resolutions which they introduced into the House of Lords. The complaint was that they were too nebulous, and yet I venture to think they were a little more precise than the Resolutions which Lord Cave introduced. No one has accused Lord Cave of being nebulous. Everyone has suddenly fastened on to the idea that a Bill will be presented next week in that form and passed into law.

Let me remind the House again of what happened in 1922. It was a situation not unlike that of to-day. The Leader of the House of Commons, my right hon. Friend the Foreign Secretary, was simply peppered with questions from the benches opposite. When the hon. and gallant Member who represented Leith at that time, and whom we all miss so much from this House, was in his place, he raised exactly the point which has been raised by the Leader of the Opposition to-day. My right hon. Friend said:

"I do not think we can enter into negotiations and produce a cut and dried scheme without reference to the discussion which is proceeding."

I only give that to illustrate what went beforehand. Then he was asked this:

"Does not the Prime Minister think that the House of Commons might be asked to co-operate, too?"

Mr. CHAMBERLAIN: In due course they will be asked."

It was perfectly plain that had an unexpected sequence of events not occurred in the Autumn, this question would have come down as a live question into the House of Commons. What its fate would have been there it is impossible

to say. There is also an interesting observation which was made by the Leader of the Liberal party in this House itself on 10th November, 1921. My hon. and gallant Friend the Member for Coventry (Major Boyd Carpenter) asked the Prime Minister (Mr. Lloyd George):

"if it is the determination of the Government to introduce and carry a Bill to reform the Second Chamber during the coming Session, and, if so, will such a Measure take precedence of all other legislation?"

The Prime Minister of that day answered:

"The answer to the first part of the question is in the affirmative. I cannot state the order of precedence of Government business next year, but this Measure will be among the first to be taken."—[OFFICIAL REPORT, 10th November, 1921; col. 591, Vol. 148.]

I have one other quotation, and one only, because I am not very fond of quotations, but I want to give it because it bears on this question. That was also during the Debate in July, 1922. My noble colleague, Lord Birkenhead, who was then Lord Chancellor said, having produced those proposals, that the details would be infinitely difficult and infinitely controversial when the discussion was attempted in the House. That, of course, is true. The Leader of the Opposition made great play, and perfectly fair play, in his speech to-day, with the differences of opinion in our party on this question. Of course there are differences of opinion on this question. There always have been and there always will be, and if anything is to be done you can only get the greatest common measure of agreement before you can proceed. This is a genuine attempt, made after infinite labour, to implement not only the pledges of this Government, but the pledges of previous Governments. We offer them for criticism and for ventilation, both here and in the country, and we must be guided in framing legislation by due consideration of that criticism and the results of that ventilation. To treat a matter like this by moving a vote of censure is like heaving half a brick at us.

Lieut.-Commander KENWORTHY: We were refused any other opportunity.

The PRIME MINISTER: No Government that had not a certain amount of courage would have touched this subject at all. What Lord Birkenhead said the

other day is perfectly true, that it is a Sisyphean task to roll this stone up the hill, and my only comfort is that if the worst happens and the stone rolls back there is no record of Sisyphus ever having been hurt. In the light of what we may learn from this Debate, what we have learned from the other place, and what we learn from our friends in the country, we shall hope to be able to produce that greatest common measure in a form practicable for legislation. If we fail, I doubt very much whether further attempts will be made in the near future; because until to-day I had feared that this question had been always considered to be too much in the vortex of the most controversial party politics to hope for any success from any conference between parties to achieve the end which I believe we all desire. I did feel a little encouragement from some words the Leader of the Opposition used, and yet the one thing which I feel is not of good augury is this: If and when a Government make an honest and *bona fide* attempt to deal with a most difficult question, which has baffled succeeding Governments for many years, and they are met not with any constructive proposals, not with any help, not with any promise of co-operation, but only with a vote of censure, it makes it impossible for the collective wisdom of this House ever to solve any of the great controversial questions of the day.

Mr. LEES-SMITH: The Prime Minister has entirely failed to meet the challenge which was issued to him by the Leader of the Opposition, and has not made any attempt to deal with one single point which the Leader of our party put to him to answer. He has made a speech which was rather in the nature of an academic essay, suitable to a debating society or a mutual improvement club, but not suitable to the House of Commons. He has made the speech of a man who wishes to avoid every practical question that he has been asked, the speech of a man in retreat, the speech of a beaten and discredited man, a speech which was received without one single cheer from all his supporters behind him. This speech, perhaps unconsciously, has drawn aside the veil which hides Cabinet discussions, and, for the first time in this Parliament, has allowed the people to watch how these Cabinet decisions are reached. We see from that speech, com-

paring it with the speeches in another place, that Members of this Cabinet apparently come to decisions without knowing what these decisions are. They make pronouncements contradicting each other in public. The Government issue proposals which their supporters describe as those of Gadarene swine. They present a picture of muddle and incompetence and incoherence which has no parallel in recent years. The people are watching the picture which is being unfolded to them now, and I venture to say that at this moment the stock of the Government stands lower than it ever has done since the General Election, that never have they been regarded by the public outside with such general indifference, ridicule and contempt.

The Prime Minister, as I have said, avoided answering practically every issue which these proposals have raised; but on one point, and one point alone, he came down to particulars, and practically indicated that on one subject legislation would be considered by the Government. That was the proposal to take the power of deciding what is or is not a Money Bill out of the hands of the Speaker of this House, and to hand it over to a Joint Committee consisting of equal numbers of Members of both Houses of Parliament. In another place, the Leader of the Liberal party there, Lord Beauchamp, gives his adherence to that proposal, and I gather that whether that adherence will or will not be made plain is being decided at this moment. That being so, it is necessary for us to state clearly now, and there is no further necessity for discussion, that that proposal will be most fiercely resisted by the Labour party; and we shall resist it, not only as Labour men, but as House of Commons men. For that reason I would venture, before proceeding to the right hon. Gentleman's other observations, to deal for a moment in detail with that proposal.

What is the position? The argument that the Prime Minister has used is that this was an invidious task for Mr. Speaker to carry out, and that greater confidence in the general impartiality of the decision would be secured if it were handed over to a Joint Committee of the two Houses. In this case, the Speaker is not an authority deciding between the two Houses: everyone knows that that is not the case. All these conflicts are conflicts

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between political parties, and the issue between the Houses merely expresses that larger conflict behind. Here in this country, when it comes to a conflict between political parties, we have, by centuries of experience, gradually built up a great officer of State, who, while in politics, is above politics, whose absolute impartiality is one of the most unquestioned traditions of our Parliamentary system—the Speaker of the House of Commons—an office and a tradition which is regarded with admiration and astonishment that we could create it by all politically-minded men in every country in the world. The idea that by taking the decision on these political questions out of his hands, and handing it over to a Joint Committee of Members of both Houses, who from the very nature of the case will themselves have been engaged in a furious partisan fight on the very issue that they have to decide—the notion that in that way greater impartiality is going to be secured than from Mr. Speaker himself, shows, I say, a lack of common sense and an insincerity which indicates that the Prime Minister's proposal is not due to a desire to secure impartiality, but is due to a desire to secure a packed Committee upon which the Tory party will always predominate. And it will be a packed Committee, for reasons which I would like at this moment to explain.

An equal number of members—seven is the number suggested—is to be chosen from each of the two Houses. So far as membership of this House is concerned, we in our party will undoubtedly, I presume, obtain our proportionate number; but half the membership of the other House is bound to be of a predominantly and overwhelmingly Conservative complexion, with the result that the Committee as a whole will have a Conservative majority. This means that, whatever the fortunes of politics may be, whatever the people may decide, however the Conservative party may be destroyed at the polls, they will, by the Prime Minister's one practical proposal this afternoon, at this pivotal point of the Constitution be always firmly entrenched in a Committee with a permanent Tory majority. The proposal before us is that the Speaker shall be dethroned, and that his place shall be taken by a party dodge.

I come now to the main argument which the Prime Minister used. His argument was that powers such as these were necessary to a Second Chamber, because, without them, it would not be possible to elicit—I take his words—a national opinion when a Government had made proposals which were not agreed to by the country, and the function of the reformed House of Lords would be to ensure that the people's will had been achieved. That argument is a hallucination. There never has been a time when this House has been more closely watched by the public outside, and every one of us knows it. We live here and speak in a House whose walls are made of glass. Every one of our acts is being watched by millions of other people. If, in these circumstances, we pass fundamental legislation which is disliked by the people, it cannot be hidden from the people. The punishment of the Government that does it can be left to the people at the next Election, and the legislation, if necessary, can be repealed. But this proposal to take the House of Lords—an assembly of absentees, more than half the members of which never even take the trouble to appear in that House once in a Session, 150 of whom have not even taken the oath, an assembly which claims to read the feeling of the people when it has shown this week that it cannot read the feeling of its own party, an assembly which never has to stand face to face with any electorate—the argument that this unrepresentative assembly is needed in order to protect the people from the representatives whom they themselves elect, shows the grotesque absurdity of the whole structure upon which the Prime Minister relies.

There is no doubt about the party at whom these proposals are aimed. They are aimed at the Labour party. We say that this whole doctrine, that, even though we win the victory in the constituencies, we are to be impeded in another place, is unconstitutional, is undemocratic, is mean, and is cowardly. The property of the party opposite, as to which hon. Members are afraid, in the politics of this country, has already protection and security enough. They have the newspapers; they have the wealth, so that at the last Election the average expenses of a Conservative candidate were more than twice the average expenses of every Labour can-

didate; they have the secret party funds, which are obtained by the sale of titles, by appealing to the wealth and vanity and vulgarity of the members of the Conservative party and by prostituting the prerogative of the Crown. They have all these advantages. On our side, all that we have is the voluntary zeal of our workers, the unpaid labour of countless thousands of poor men and the rising youth of the land. We say, with the advantages that the party opposite have, and the advantages that we have, that if, by these legitimate and honourable weapons, we win the victory in the constituencies, then we have as much right to have free and unimpeded passage for our legislation as the party opposite always claims for itself; and, if the Prime Minister ventures to introduce a Bill which robs us of that right, then that will be the issue of the next General Election, and hundreds of Members on the seats opposite will find that their places in this House will know them no more.

I would now like to refer to the observations which the Prime Minister made with regard to the hereditary system, and with regard to the proposals which he explained for allowing the House of Lords to reconstitute itself. Let us see what this new House of Lords is, as pictured by the Prime Minister. I was amused, in listening to the Debates in another place, to find that the majority of the peers were afraid they were sacrificing too much. What are they sacrificing? They are sacrificing nothing. There are to be 350 members in the new House, and the vast majority, say, 250 to 300, are to be hereditary peers. But, of the present hereditary peerage, only about 250 ever take the trouble to attend. What are they sacrificing? There will still be plenty of room for every one of them who has ever paid for the petrol for his car to transport him to the House of Lords. I am told that a number of these peers attach great value to the right to sit in the House of Lords, although they never put in an appearance there, and that under these conditions there may be some loss in prestige as a consequence of these proposals. The only serious result of that, however, would be to diminish the price for which a peerage can be sold, and I am not surprised, in those circumstances, that, as is com-

monly known, the chief opposition to these proposals has come from the Chief Whip of the Conservative party.

There is to be one other element in the House of Lords. A minority are to be nominated, and this is a part of the scheme in which I think we should take special interest, because it is introduced for our benefit. As the Secretary of State for War explained on Saturday, members are to be nominated by the Prime Minister, in order that Labour may have some representation in the House of Lords. These proposals show a lack of any sense of real touch with public affairs which is amazing. They are the most insolent and the most insulting part of the whole scheme. Suppose this Bill is passed during this Parliament: The Prime Minister will then proceed to select a number of Labour members, those whom he considers the most respectable, and they will be sent to the House of Lords, and there they will be expected to scout out Labour doctrines in order that the hereditary peers may then vote them down. We are to go there as a kind of pro to send up lobs for the gentlemen to hit at, allowed to dress in a pavilion in a separate room, because, if we were not, the public would stop the game. The Prime Minister has not yet made clear whether or not he intends to carry these proposals into law in the lifetime of this Parliament, and we affirm that if he does that it will be an outrage upon the Constitution, because for any such step he has not got a mandate from the people of this country. I listened very carefully to the argument by which he attempted to support his statement that a mandate had been furnished to him, and I listened to the three instances he gave. He mentioned a speech at Brighton, which I believe was delivered after the election. May I ask him was it after or before the election?

The PRIME MINISTER: I never spoke of mandates. I spoke of pledges.

Mr. LEES-SMITH: Then I wish to know when was the pledge given—before or after the election?

The PRIME MINISTER: Both.

Mr. LEES-SMITH: The right hon. Gentleman then spoke of a meeting of

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Members of both Houses, which on inquiry was found to be a private meeting of his party. Finally, he referred to a pledge which he alleged was given at Perth, which I have read, and which consisted of a few vague and non-committal words uttered on the Saturday before the election took place, on the day of the publication of the Zinovieff letter and which were entirely ignored by the public because the Tory organisers came to the conclusion that Mr. Zinovieff was a better electoral asset than the Prime Minister.

Let me examine the question of the mandate. What does a mandate mean? The last time the House of Lords was dealt with was by the Parliament Act of 1911, and before it was held right that that legislation should be passed there had to be held two General Elections within 10 months of each other, in one of which the House of Lords was the main issue and in the second of which the House of Lords was the only issue, and even after that the Conservative party were so unwilling to accept the result that when the Prime Minister stood at that Box and announced his intention of carrying his proposals into law he was shouted down by the Conservative party, the House was broken up in disorder and one of the Ministers who sits upon that bench hurled a copy of the Standing Orders across the Floor of the House of Commons and hit the present Chancellor of the Exchequer upon the dome of his head—a choice of targets which was the only redeeming feature of this shocking episode. That is what two General Elections show what is meant by a mandate when the party opposite used the word.

The right hon. Gentleman claims that he has a mandate for these proposals from the people, when the events of the last few weeks have shown that he has not even a mandate from his own party. Let the country realise the lessons of this. The Conservative party and the House of Lords do not care about mandates, or about the will of the people, or about the constitution. They are, as has been said by the Leader of the Opposition, a revolutionary party who are now proposing a revolutionary Act. So long as they are on top they are all for defending the constitution, but immediately they have to play the part

of the bottom dog they are ready to tear the constitution into pieces, as they showed in 1914, when they encouraged the Army to desert its allegiance to the Crown, and as they show by these proposals now. This new attack upon the constitution will be defeated. It will not be defeated by the Conservative party. It will be defeated by the passionate sense of freedom, which is still to be found in the hearts of the people.

Mr. BUCHAN: Hon. and right hon. Gentlemen who have spoken from the Opposition benches have presented a very simple argument. Some of us had hoped that the Leader of the Opposition, with his wide knowledge of history, his real *flair* for the past and his sense of its organic connection, might have offered certain constructive suggestions, or at any rate some acute criticisms. We have been disappointed. The right hon. Gentleman and the hon. Member for Keighley (Mr. Lees-Smith), who has just spoken, have given us precisely the kind of rhetoric that we were all so familiar with in 1910, chiefly on Liberal platforms, sharpened by the fact that the right hon. Gentleman leads a party the majority of whom not only reject the hereditary principle but object to any Second Chamber. The right hon. Gentleman cannot be expected to offer much in the way of reform if he altogether objects to the thing proposed to be reformed.

The hon. Member who has just spoken has referred to the Parliament Act. That is one of the two matters now before the House in this Debate. I do not suppose any piece of legislation has ever had a more curious fate. It was the embarrassed Act of a deeply embarrassed Government brought in to meet an urgent electoral difficulty. The Liberal party for years had inscribed on its banner its intention to end or mend the House of Lords. The Parliament Act did not end it and did not mend it. It only introduced a hiatus in its working. By the confession of its own promoters it was imperfect. It was to be followed by a great measure of internal reform, and so balanced a mind and so wise a judgment as that of the then Sir Edward Grey described the policy as death, destruction and damnation.

The Liberal Government did not implement their promise, and I think their apathy has turned out to be a blessing in disguise. The Parliament Act has been law now for 16 years. The crude facade is becoming mellowed by time, so that it looks almost like part of the old building. It has not been greatly used. It has scarcely been used at all, but it remains a useful salve for anxious consciences and a comfort to those restless, speculative souls who are always suspecting possible tyranny. I am inclined to think that the Parliament Act, this Measure begotten in haste and born in confusion, has turned out far better than its supporters ever dreamt. It has turned out far better than its opponents imagined. I am sure it has turned out far better than any scheme of internal reform which was intended to supplement it. By a happy chance this admittedly crude Measure fell in with the natural evolutionary process of our institutions. There can be only two kinds of Second Chamber. You may have what is technically called a strong Second Chamber, with full powers of revision and rejection, and in a democracy such as ours such a Second Chamber must necessarily be popularly elected, or you may have a Second Chamber of the type that we have, which has been the result of the slow evolution of time and not the work of a handful of constitution makers, a thing which I believe to be really representative but not directly elected by any popular vote. Such a Second Chamber must necessarily have its powers strictly limited. I believe the Parliament Act has increased the prestige of the House of Lords, because it has done much to remove from it a certain atmosphere of popular suspicion.

The second matter which is before the House in this Debate is the scheme of House of Lords reform which, about a fortnight ago, startled the breakfast tables of this country. It was promulgated by a distinguished member of His Majesty's Government. It was blessed at once by other distinguished members. It is true as the days passed the benedictions became more tepid. Some of them, like inverted Balaams, came to bless and remained to deprecate and modify. That scheme went to the country blessed by high authority, and the ordinary men in the country could only come to one conclusion. They believed that, though it

might not be the direct policy, the immediate policy, that is represented the ideal of the Conservative party.

The Prime Minister to-day has not sketched a detailed plan of reform. He has merely argued the case for reform. With the larger part of what he said, I am sure every Member on this side of the House is in full agreement. But I have one difficulty. If I understand him aright, he regards the scheme promulgated a fortnight ago as a reasonable basis for discussion. I desire to speak with all the modesty and deference which is fitting in one who is so new to the Debates in this House, but I would earnestly urge upon him the view that, before any serious reform can be undertaken, the Lord Chancellor's scheme must be got out of the road. It seems to those who think with me, and they are not few, that that scheme cannot be a basis of discussion, because we regard it, not merely as inopportune, not merely as impracticable, but as being definitely wrong, dangerous in principle, and a contradiction of the fundamentals of the Conservative creed.

I see two main difficulties in this scheme. My first difficulty concerns the composition of the reformed House of Lords. The scheme proposed will, of course, not satisfy those who object to bi-cameral government altogether. It will not satisfy those who reject the hereditary principle. It is designed as a compromise, something to make the present system a little more logical, a little more defensible. I do not deny there are many anomalies in the House of Lords, but so there are in every one of our institutions. We have never objected to things anomalous and logically indefensible, provided they work. The House of Lords, as at present constituted, is not a mechanism which can easily be tinkered with. It is an institution, the result of the slow growth of time, and its merits are those acquired only by such an evolutionary process. Can it seriously be denied that our way of forming a Second Chamber is in practice more satisfactory than the nervous, jealous, irritable, self-conscious, insecure, and, because insecure, domineering Second Chambers which politicians in other countries have created out of the void?

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We are told that the hereditary principle is unpopular. I wonder if that is really so. In any case, Lord Cave's scheme does not get rid of the hereditary principle. It only skims the cream from it, the argument, apparently, being that while the peer who attends to his duties and whose name appears frequently in the Press is not unpopular, the honest man who rarely appears at Westminster is anathema to the British public. I wonder if what is called the backwoodsman is really unpopular with the ordinary man. He may be infrequent in his attendance on his duties, but he may be very close to the life of the country. No one who lives in a rural district can deny the amount of good public work often done, and the very real respect and popularity often gained by men who never appear in the House of Lords. They may not be intellectuals. Are they any the worse for that? Why should ambition mock their homely toil? They are not ardent politicians, but they commend themselves the more to a country, the large proportion of whose inhabitants are not ardent politicians.

The House of Lords, as it stands to-day, seems to me a most remarkable repository of talent and knowledge. I see no objection to having a large reservoir of peers who very rarely appear at Westminster. The strength of the House of Lords is that it represents at present almost every interest, almost every avocation, almost every branch of knowledge, and, since its recent copious dilutions, almost every social grade. It is a most curious microcosm of the life of this country, and, therefore, it seems to me, to have admirable qualities for the work of advising and criticising. If the providence which watches over us has given us this kind of Second Chamber, why tamper with it? Why should we give up the creation of eight centuries in favour of the work of a few hurried and hustled gentlemen in the year 1927? I doubt very much if thereby you would increase its efficiency. I can imagine the House of Lords reformed on the most austere intellectual basis which would be far less efficient. It is notorious that there may be a dangerous collective un-

wisdom, and a dense corporate stupidity in bodies, every member of which is a distinguished man.

We are told that the present system is very embarrassing to the Labour party, that the Labour party on their return to power will be embarrassed by finding in the House of Lords so few men who adhere to their political creed. I confess the Labour party does not seem to me to be very grateful to the Government for its tender consideration for its welfare. In any case, that embarrassment would continue under Lord Cave's scheme. It seems to me that the embarrassment would continue and be inevitable in any Second Chamber, however constituted. Surely it would be better to put the onus on the Labour party of meeting this difficulty when they return to power. I have no doubt that they have in their ranks a number of patriots who would be willing to be sacrificial lambs on the altar of public duty. I hope they will not be too hasty in their disclaimers, for remember that orientations do not endure for ever, and that the wheel of time moves fast. The Liberal party, when it was triumphant in this House, was embittered because it had so few Members in the House of Lords, but the time was to come—the time has come—when that great party is more adequately represented in the Upper than in the Lower Chamber. I can imagine that the day may yet come when the last supporters of a discredited, antiquated, and almost forgotten creed called Socialism will be a small group of Noble Lords deriving their titles from various spots in the Clyde valley.

I see no practical advantage in the changes proposed under this head, and I see very real practical disadvantages. I strongly object to the principle which is behind it. It is an attempt to rationalise, to make more logical, to make less anomalous one of our institutions. But we have never worried about that question. The one question which our practical-minded people have asked always has been: Does it work? Hon. Members may remember the famous words of Edmund Burke:

"The old building stands well enough, though part Gothic, part Grecian, part Chinese, till an attempt be made to square it into uniformity. Then, indeed, it may come down upon our heads altogether in much uniformity of ruin."

If we once give in to the minor intellectual and attempt to rationalise our politics entirely, we may end in very deep waters. Take democracy, which is based, as we all agree, upon the doctrine of majority rule. Does anyone seriously argue in favour of what has been described as the plenary inspiration of the odd man? On a narrow logic, I can see an unanswerable case made out against democratic majority rule. It has been done to admiration by Signor Mussolini and his followers in Italy. Those of my Friends opposite who have toyed with the rather dreary literature published by the Bolshevik party before the Russian Revolution will remember with what acumen and subtlety the followers of Lenin demolished the so-called democratic creed. I remain a democrat, because I do not think that kind of argument matters. The British Empire from first to last has been illogical and anomalous, and if at any time we had attempted to make it a logical structure, we should have smashed it to pieces. The political genius of our countrymen lies in the fact that they can tolerate anomalies, that they can respect anomalies which are deep-rooted and close to the life of the country, and that they can make them work. The British Constitution seems to me like a pin-cushion, stuck full of the thin ends of wedges, which the common sense of our people has refrained from driving further in.

My second difficulty is far more fundamental and far more important. The Lord Chancellor's scheme proposes to take the powers and composition of a reformed House of Lords altogether out of the Parliament Act. It proposes at the same time to abolish the power of the Crown to create Peers at the request of the Government of the day. That must happen. If you limit the number of Peers it is bound to happen. The result is that the House of Lords, on this scheme, will become a permanent and unchallengeable corporation. I think that is a most dangerous doctrine. The proposal is not new in our history. Hon. Members will remember that it occurred in the Peerage Bill of 1718, a Whig Measure, which was defeated by the strong good sense of Sir Robert Walpole. What does it involve? It means that we take an important part of our Constitu-

tion and give it the rigidity of a written document, a thing which is not only repugnant to Conservatism but wholly alien to the tradition of our public life. What is the argument used in support of this startling change? It is the fear of some future revolutionary intention of some future Government. I do not believe there is any worse cant talked in our public life to-day than this cant about revolution, whether it is used by those who hanker after it or by those who fear it. I have read catalogues of political enormities compiled by noble Lords and hon. Gentlemen which they envisage as possibilities of the future, and which this extraordinary proposal is designed to prevent. I am as credulous and as imaginative as most men, but my imagination and my credulity cannot rise to these apocalyptic heights. But suppose there was any such danger of revolution, how could any paper barrier prevent it? There will be no revolution, no constitutional revolution, in Britain until the great bulk of the British people resolutely desire it, and if that desire is ever present what Statute can bar the way?

I have greatly trespassed on the patience of hon. Members, but if I have not altogether exhausted the indulgence which this House grants to one addressing it for the first time, I ask leave to make one further and final remark. Up till the 17th century there was a doctrine very generally held in England, a doctrine that the true Sovereign was not the monarch, was not Parliament, but was what they called the law fundamental; those unwritten rules which hold society together and which can only be changed to society's destruction. That was the creed of great men—Sir Edward Coke, John Selden and Sir Walter Raleigh. After the Restoration it tended to fall into abeyance, when the doctrine of the legislative sovereignty of Parliament became the accepted creed. It disappeared, but it did not die. It is still sound doctrine; it is still the basis of our British polity. Just as there are certain things which no civilised country can do and yet retain its claim to civilisation, so there are certain things which Britain cannot do and remain Britain. That is the law fundamental; that is the true barrier against foolish and perilous change, the inherited political aptitude of our people, what our greatest political thinker described as the "ancient, inbred in-

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tegrity, honesty, good nature and good humour of the people of Britain." I should be sorry indeed if in any fleeting moment of pedantry or of panic we were false to what is the first principle not only of the Conservative party but of the British Constitution.

MR. LLOYD GEORGE: I find myself specially fortunate that it has fallen to my lot to have the opportunity of congratulating the hon. Member who has just sat down upon making so brilliant, so wise, and so eloquent a maiden speech. The hon. Member has charmed us many a time in our leisure hours, but he has not only charmed but enlightened us to-day in our business hours, and it is a real piece of good fortune to the House of Commons that he should have come here in time to deliver a speech so sagacious and so full of good counsel at a time which may well be the parting of the ways in the history of the British Parliament.

The Prime Minister was good enough to say that he commended these proposals to examination and ventilation in the country. It is surely rather remarkable, when he is so anxious to secure ventilation for his project, that he denies an examination to the House of Commons whose rights and privileges are so fundamentally affected. He has put us in the position, as was pointed out by the Leader of the Opposition, of having to seek a Vote of Censure as the only means of expressing our repudiation of these proposals. I agree with the Leader of the Opposition, that it is not the best means of securing an examination, but we had no other course open, and I am grateful to the Opposition for providing us with the one opportunity which enables us to examine these proposals in the House of Commons before they go to the country. The Prime Minister has given us a very summarised account of the history which preceded this project. I should like to add one or two episodes and instances which are vital to a consideration of the problem.

I agree that you cannot examine any proposals that come before the House of Commons in this vital matter without also examining the history of previous efforts to settle the matter. Every previous

effort to reform the House of Lords has come to grief. That is the one outstanding fact which ought to warn Governments not to touch the problem—I am including the Government of which I was the head, because that is part of the story. I will take, first, the Government of which my right hon. Friend the Chancellor of the Exchequer and I were Members, and I believe also that the right hon. and learned Member for Spen Valley (Sir J. Simon) was also a member—I mean the Campbell-Bannerman Government. The first attempt made by the Campbell-Bannerman Government to deal with the relations of the two Houses was the appointment of a Committee with a view to examining the whole problem. This Committee came to the decision and reported in favour of reform on the basis of a considerable reduction in the number of the members of the House of Lords. My recollection is that there was no introduction of the elected principle into that first recommendation of what is known as the Ripon Committee. There were to be certain nominations, and efforts were to be made to secure representation of various views.

When that came before the Cabinet—I do not know whether it is a secret or nor—that very wise and sagacious old Scotsman, under whom I had the honour of serving as a Cabinet Minister for the first time, said, "If you attempt to reform that Chamber you will fail. You will satisfy no one. Far and away the best plan is not to attempt anything in the nature of reform, but to do something in the way of adjusting the relations so as to secure the right of the Commons ultimately to prevail." And the project of the Parliament Act was entirely his advice. Everything that has happened since has confirmed the wisdom of the advice he gave us in 1906, and it is practically the advice given by another distinguished member of the same race to the House of Commons to-day. Repeated attempts have been made to reform; and in the Parliament Act there is a Preamble, not fairly quoted by Lord Birkenhead, which committed the Liberal Government of that day to a reform of the House of Lords not on a more popular basis but on a popular basis, which is a different thing. What happened then? We appointed Committee after Com-

mittee, that is Mr. Asquith, who was then the head of the Government, did, and various efforts were made.

No project could be put together which commended itself to the judgment of any body of men who examined it. There were efforts to make a popular chamber, election by groups of Members of the House of Commons, election by municipalities, but after each attempt we came to the conclusion that it would only make things much worse. Now I come to the proposals quoted by the Prime Minister, the proposals of the Coalition Government of which I was the head. I would remind him that the first step we took was to appoint a purely non-party conference to examine it, and I think the Government should have taken that step before they brought forward these proposals. They should have made some effort to secure unanimity in this respect. The Committee which the Coalition Government set up contained representatives of every party. It contained representatives of the Conservative party, of the Independent Liberal party, of the Labour party and of the Nationalist party. It was presided over by Lord Bryce, and the recommendations of that Committee, which were the result of a conference between all parties, were practically unanimous. Lord Loreburn and Lord Sydenham were the only representatives who dissented.

May I point out that the Prime Minister, following Lord Birkenhead—and I only want to say one word about this, but since the Prime Minister has raised it I am bound to put him right—said that they were practically the same as the present proposals. May I recall one fact. When those proposals were submitted to the House of Lords they were turned down with complete unanimity by the House of Peers. There was not an independent peer who got up and supported them. Lord Salisbury and all the peers who are now recommending these proposals were opposed to them. The present proposals, on the other hand, have received the same unanimous commendation from the House of Lords. If they were practically the same, the House of Lords did not think so at any rate. There was this vital difference, a matter of the greatest moment, as the Leader of the Opposition pointed out in his speech—that when you came to the ques-

tion of the determination of what a money Bill was, the House of Commons had a majority on that Committee. You may say that the House of Commons would not have appointed men all of one party, but, unless I am very much mistaken, I cannot conceive any Ministry letting that Joint Committee be appointed without having an assurance beforehand, after discussions with those responsible for the House of Lords, that they would have a majority upon it. If they denied that, if they refused that, the only course for the House of Commons to take would be to appoint men who were all of one way of thinking, unless they ensured that they had a majority. That is a very important matter.

What matters here is that we are perfectly satisfied with the present arrangement by which Mr. Speaker decides. I would point out that the Speaker of the House of Commons, at any rate in recent times, has never been a party appointment. The Speaker who has decided most of these questions was a Conservative. He was a Conservative, chosen by the Conservative party, and when the Liberals came into power they retained him in office. That is the course which has been adopted with regard to every Speaker, certainly during the last generation or two—that the Speaker of the House of Commons ceases to be a party nominee or a party functionary, and his business traditionally and historically has been to stand up for the liberties and rights of the House of Commons. He would have had to exercise that function of standing up for the liberties of the House of Commons had there been no Parliament Act. On questions of privilege, when the House of Lords exceeds its privilege it is the Speaker of the House of Commons who declares that it is a breach of privilege. Therefore, he is there by virtue of the fact that he is "the champion of the rights of the Commons of England," to use the old phrase. That is why he is there. If it were wise and desired to have a Committee in order to assist him in coming to a conclusion upon very difficult matters, that is another question; but at any rate it is vital that upon that Committee the House of Commons should be a majority, and that if there is finally a dispute between the nominees of the House of Lords and the Commons,

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to use the old phrase, "the will of the Commons shall prevail on questions of finance."

That is why there is a vital difference between the 1922 proposals and the present proposals. May I point out another which the Prime Minister read very casually? Rates are excluded from the category of money Bills. Surely that is a very vital matter. It may be a key matter. I could refer to two or three other matters of vital difference, but the point I wish to make is this: Every effort which has been made up to the present to secure the reform of the Second Chamber has broken down. The Liberal Government of 1906 attempted it when it was fresh from the country. The Asquith Government applied itself assiduously to it. I have heard a good many taunts levelled at them, that they were breaking faith with Parliament. It was not true. I knew that at that moment there were committees considering the problem, and that they had been considering it for years. You could not come to a conclusion. We appointed a very able Committee under one of the greatest constitutional lawyers of this country or of Europe, Lord Bryce. It was a very able Committee. It made recommendations. Those recommendations are not accepted to-day by any party in the House. The Coalition Government attempted it; they compromised. It was taken to the House of Lords, and the Lords rejected it. That was dropped. What has happened to the right hon. Gentleman? He has put forward proposals. He has put forward proposals that were acceptable to all the peers who turned down the 1922 proposals. But he knows what has happened to his proposals. I do not know to-day whether we are at an inquest or an amputation, or whether we are sending the patient to the country so that he shall be able to endure an operation later on, but I do not believe that anyone here imagines that we shall see the Lord Chancellor's proposals again, put into the form of a Bill. That shows that there is some inherent difficulty in the problem, and the sooner we face that fact the better.

If the House of Commons will give me its patience, I will point out exactly what the difficulty is, having been a

member of a great many Committees which has tried to solve the problem. If you choose a Second Chamber which is elected, I agree with the Prime Minister that it will have co-ordinate authority in the end; however you begin, it is bound to have co-ordinate authority with the House of Commons. A conflict between the two Houses under those conditions would paralyse business. I agree with everything that has been said about that. I do not believe it is possible for you to secure a Second Chamber which would have direct representation from the people of the country, with the right to resort to the same electorate, without imperilling the authority of this House in the end. Then you come to the other alternative of nomination. If it is nomination during the lifetime of a Parliament, that House is purely a replica of this House; it will be purely an executive committee nominated by the Government of the day. If, on the other hand, you have a nominated Chamber like that in Canada, where the nominations extend for 10 years, or I forget how many years, at any rate over two or three Parliaments—[HON. MEMBERS: "For life!"]—I was under the impression that there had been efforts to limit it, but if it is for a lifetime that makes it worse. What does that mean? It means that a Parliament and a Government, which has been dismissed by the electorate of a country, still governs, still has half the responsibility for government, and can thwart the will of the Chamber which has been chosen by the majority of the nation. I do not believe, therefore, that you are going to solve the problem by either of those two methods. That is why, whenever we came up against an effort to reform the House of Lords, it always broke down, and we fell back upon leaving this ramshackle thing in the place where it is. What I mean is, that it is not formed upon any conceivable principle at all, but, on the whole, it might work.

Now I come to the third suggestion, that we should have a purely revising Chamber, a Chamber with powers of compelling reflection under the power of revision. That is all. That is the conclusion which Sir Henry Campbell-Bannerman came to in 1906—that that was the only possible method of solving this problem. He had nothing to do with

the Preamble of the Parliament Act; the Parliament Act, as drafted in his day, did not include the Preamble, and if he had been there when the Act was drafted, he would not have assented to the Preamble, not because of any views he might have upon the Second Chamber, but because he knew perfectly well that in practice it would always break down. But if you are going to have a revising Chamber and a Chamber with powers of delaying and referring back a Measure for further consideration, it must have two qualifications. What are they? The first is that it must be a competent body. The second is that it must be an impartial body. Take the question of competence. I do not know how many peers the Prime Minister suggests should constitute his new House of Lords. I take only the declaration of Lord Salisbury. Lord Salisbury's declaration was that the majority must be hereditary peers. Quite frankly, are there 200 hereditary peers who, by training, by experience or by mind, have the necessary qualifications for revising legislation that is sent up from the House of Commons? [HON. MEMBERS: "Yes!"] Not 200, not 200 with the experience. You might have 50, but they would be a minority in the Chamber. After all, the hereditary principle, whatever may be said for it, is not a principle upon which you run business. In business the hereditary principle has the check of the Bankruptcy Laws, but here what is proposed is that the hereditary principle should have a guarantee and that the nation should run the risk of bankruptcy.

I agree with the hon. and gallant Member who spoke last that the perils of revolution are exaggerated. They would come only if there were, as the Leader of the Opposition said, a constant denial of redress from the House of Lords of evils which the Commons of this country wanted to see remedied. But that is the danger of this particular proposal and I come, therefore, to the second point. What is essential is not merely that it should be competent; it should be impartial. I come to a statement made by a Minister. The Secretary of State for Dominion Affairs was sent to a meeting of the National Union of Conservative Associations. He was sent there to quell the storm. He was launched like a

coracle on to the waves, and I must say he received what was known then as "sympathetic support" from the waters. Nothing amazes one political party more than the kind of people who carry influence in another political party. However, the right hon. Gentleman was very successful and he quelled the storm, but he did so by means of a declaration to which I call the attention of the House, because it is vital and fundamental. He said it was essential to a strong House of Lords that it should represent fairly all views. What does he mean by that? Does he mean that all views should have equal representation, or that all parties should have an equal chance of stating their case, but that only one party should have a chance of securing a verdict? That is the test of reform.

The test of reform is that it should be impartial. Will the Labour party or the Liberal party have the same chance, in proportion to the numbers which they represent in this country, of having their views and their case presented in the House of Lords, as the Conservative party, or does the Secretary of State for Dominion Affairs mean this: "We will see that each of these parties have their advocates there. We will see they have the best and the choicest advocates they can pick, but the tribunal must be a packed one"? That is the real crux of the question of whether the desire for reform is genuine or not. If the Chancellor of the Exchequer is going to reply later on, I would ask him what is his view with regard to that matter. Does he contemplate the possibility of the House of Lords deciding these questions with either a Labour or a Liberal majority? If you do not give an equal chance to every party, then any reform is a mockery and I say, quite frankly, I would far rather have the present system exactly as it is. After all it is an august scaffold for progressive Bills to deliver their last sentences upon, before they are turned off.

If we are going to send to the country for consideration and for ventilation, these proposals, there are other things I should like to have ventilated even in the present system. You must not merely consider one side of the matter. I wonder how many Members of the House realise the extent to which even the present system is loaded against reform. If they

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are going to re-open the question—and it is they who are re-opening it and not those on this side of the House—it will have to be re-opened all round. See what it means. The Parliament Act never carried a Measure through without difficulty. Why? There is no doubt at all it is a tremendous handicap to have to carry your Bill through Parliament in a first Session, in a second Session and in a third Session. I cannot imagine Conservatives raising this question at all, and I say so in all sincerity. John Bright's proposition was, "One bite for the House of Lords." You have two. What does it mean? A Labour Parliament or a Liberal Parliament is a triennial Parliament. A Conservative Parliament is a quinquennial Parliament. The Prime Minister to-day has said, "I am going to send these things to the country to be examined. If my party agrees upon any proposition, then I shall legislate next year." That is substantially what he means. No Labour Prime Minister could say so in a fourth Session. No Liberal Prime Minister could say so. If a Conservative Prime Minister proposes it here, it goes through there. But in a fourth Session of Parliament neither a Labour nor a Liberal Prime Minister could propose anything except with the consent of the House of Lords.

At the present moment it is a handicap. All those who were in the Parliament of 1910 know what a handicap it was. You had Sessions of Parliament cluttered with tasks that had already been accomplished in the previous Session. A Bill which has passed in one Session had to go through in a second Session. You could not put it through by a Resolution which only took one day. You had to give a certain amount of time to it. In the second Session you had to give a good deal of time. In the third Session you had to give less time, but still it occupied time. All that interferes with the work of the Liberal or Labour party. That is a handicap which at the present moment does not embarrass the Conservative Government at all. The Constitution, as it is now, with the Parliament Act, leans against reforming parties. The leaning tower of Pisa is not a model for a defensive stronghold, but the architect who proposes that it should lean still further in the same direction deserves to have rooms in the top storey. I am

not sure which of them ought to occupy that flat. Judging from the newspapers, I am afraid my friend Lord Birkenhead would be somewhere about there. If you are going to reopen this question as I say, it must be reopened all round. It is a handicap at the present moment, but I agree with the hon. Member for the Scottish Universities (Mr. Buchan) in thinking that the whole of this agitation, and the whole of the pressure behind it—whether behind this Government or the Asquith Government or the Coalition Government—is all based on a fundamental misconception of the character of our people. The idea that we are dealing with a revolutionary population that will suddenly, and without warning, come to the conclusion that it must pass some subversive legislation, is not consistent with the history of this country.

May I point out what is happening. There are three parties in this House—at least three. I invite the attention of the House to this proposition. There are some of us who have been in politics a great many years, and there are some of us who have been engaged in trying to persuade the people of this country to accept great changes—whether Home Rule, or Protection or Socialism. Let me ask those who have been engaged in any one of those tasks whether they have found it very easy to persuade the people of this country to rush at the great changes which they were proposing, and which they were firmly convinced would bring inestimable benefits to the country? The Liberal party in the main has been responsible for most of the changes in the franchise. I mean the initial agitation came from them, but the actual accomplishment, the final coping stone, is to come from a Conservative Prime Minister. But it has taken 100 years of agitation to get as far as we have got. I will take Protection and I will take Socialism. Here are two great parties in the State with enormous influence, with great organisations, and both of them with the kind of *prima facie* case that appeals to the ordinary mind. The Protectionist party can point out the fact that, whereas our goods are not allowed into foreign countries, the goods of those particular countries have a free market here. Then can point to the fact that industries are suffering. They have the advantage of the natural prejudice against foreigners. But how long has it

taken them to get in as far as they have got? Eighty years. They have had two great leaders, one of them a great democratic leader, Mr. Joseph Chamberlain, a man with exceptional gifts of persuading the democracy. No man of our generation had the same gift of appealing to a great popular jury. They had Mr. Disraeli, probably one of the most brilliant minds ever placed at the service of the State. For 80 years this has gone on, and they have not arrived yet, and this is in a country where there is a danger of sudden changes.

Take my hon. Friends of the Labour party. I remember, 40 years ago, the Fabian Essays, written by very brilliant men. They were an extraordinarily attractive presentation of the case, and I remember the impression they made in this country. That is 40 years ago. They have, if they will allow me to say so, probably the most effective organisation in the country for presenting a case to popular audiences; they have means of training speakers possessed by neither the Conservative party nor the Liberal party; they have their training in trade unions and otherwise; and yet, in spite of that, with a programme that has a great *prima facie* appeal—great unemployment, great inequalities in wealth, and the fact that they can point out, here and there, ghastly failures in the existing system—in spite of that, even last time, with an electorate four-fifths of which was working class, men working with their hands, I mean, they had only one-third of the electorate. Although I do not like to make predictions—I am too old an electioneering hand to draw conclusions from by-elections to-day as to what will happen two years hence—I would venture to predict that there will not be a majority at the next Election for a Socialist State. What does that mean? They have taken 40 or 50 years of perfect organisation and very skilful propaganda, and hon. Members opposite have taken 80 years, and they are going to have a Second Chamber to prevent the conservative people of this country, who move slowly, who hate moving at all—it is one of the difficulties of unemployment—they are going to manipulate the Second Chamber, raise a great Constitutional crisis, in addition to others which will be manufactured, in order to prevent this

people, this headlong, impetuous, people, from rushing into unconsidered changes. Utter nonsense!

The vast majority of people do not want to change at all; they prefer to be left alone. Anybody who has tried to persuade them to change knows that perfectly well. But do not forget that, when they make up their minds to change, they resent intensely the people who prevent them doing so, and if, after years of consideration, they decide to act on the advice of hon. Members here, or there, or wherever they may sit, once they make up their minds, anybody who interferes with them will soon know it. I agree with the hon. Member for the Scottish Universities. If the people of this country made up their minds to get a thing done, and you had a Second Chamber with all these safeguards, if you had a House of Lords with all these safeguards, they would just be scorched into cinder—every safeguard. But there is a danger, and I exemplify it by one illustration. The danger is, with a partisan assembly, especially if you increase its powers, that every time a change is proposed by either this party or that party, in the heat of controversy you get exaggerated language often used, and, what is still worse, exaggerated ideas formed, as to what the proposal is. That is not confined to one party, but to every party in the same way. What is the result? You will get this partisan assembly, especially if its interests are affected, saying, "Ah, this is subversive; this is dangerous; it is essential in the interests of the community that we should throw it out." The moment you do that, in order to avert an imaginary peril, you create a real one.

I remember the Budget of 1909. I had a good deal to do with it. Let hon. Members opposite think what they like about those proposals. The merits have nothing to do with this particular argument which I am putting. Let them think, if they like, that it was a bad scheme, let them think it was an ineffective scheme, but let me point out what was said at the time by a very distinguished statesman. He said, "This is the end of property; it is the end of religion." I do not know where religion came in, except in the Death Duties. "In fact," he said, "it is the end of all things." He was against throwing it out, but his language incited others, less in-

[Mr. Lloyd George.]

telligent than himself, to reject it. What happened? They raised the most savage Constitutional conflict that I have seen in this country. I have been in many by-elections and General Elections, but I have never seen anything like the fierce passions that were roused in 1910, and had it not been that there were very moderate men in charge of it at that time, you might have had a real revolution, merely in order to prevent—no, it was done for a political purpose, there is no doubt at all; it was done in order to be able to force an issue on Tariff Reform. That is the danger of the partisan assembly, and, therefore, I hope that the Prime Minister, whatever he may do with others, will stop thinking about it altogether.

It is a mistake. You are not going to have a division in this country between those who have and those who have not. There are three parties in this country, and they have all got representatives of those who possess property and of those who possess none. The Conservative party have men of wealth, and they have men living in great distress voting for them. The Labour party also have both classes, and as they get on making the very moderate speeches I have heard sometimes, they will probably have more and more men of property attaching themselves to them. It is the same with the Liberal party. You have not got a division of that kind. If you had, your paper Constitutions would be no good; they would be of no more use than the Constitution in Russia was when you had a conflict between those who were right down and those who seemed to have all the paper power behind them. If you are going to have a change, the old traditional right of the Commons of England to control finance must remain. The Prime Minister gave us, if I may say so, false history. It was not the Barons who won those liberties. What won the liberties of England was the fact that the Commons had the purse and that they insisted on having the power of it. That was the beginning of it; for that, they have fought for centuries, and if the Prime Minister goes on with these proposals, they will fight again for that power.

Sir ROBERT SANDERS: The right hon. Gentleman the Member for Car-

narvon Boroughs (Mr. Lloyd George) devoted a large portion of his speech to showing the dangers of the present system, but concluded by advising this House and Government to do nothing to guard against those dangers. I want to deal first of all with a point that was made by the hon. Member for Keighley (Mr. Lees-Smith) in regard to the Government having no mandate for dealing with this question. I do not complain of that phrase being put into the Motion. It is a cry that is always raised by an Opposition, and, as a matter of fact, I think a mandate means not a declaration by the persons who are supposed to seek it, but a declaration by those who send them to Parliament. The Conservative party have been giving this mandate to their representatives for years past. At every meeting that they have held they have always passed and generally unanimously, a resolution urging the Ministers of the day to deal with this very question, but even if they had not, I maintain that this question of a mandate is really one of those elements in the British Constitution which has been more honoured in the breach than in the observance. Take the question, under a Conservative Prime Minister, of the repeal of the Corn Laws. That was done without any mandate, but when the party that repealed them had actually gone to the country and pledged itself to maintain them. Take another very great Constitutional question, namely the question of woman's franchise. Not only had the Parliament which passed it no mandate on that subject, but at the election in which those Members were returned, I think it would have been found that the great majority of them had committed themselves against woman's suffrage.

That is one case where there was a Conservative Prime Minister, and another case where there was a Liberal Prime Minister. The Labour

7.0 p.m. party may say it does not apply to them. Had the Labour party when they were for a brief period in power any mandate from the country to guarantee a Russian loan? Yet that was what they proposed to do. Not only had they no mandate for it, but when they went to the country, I believe that there was nothing in the whole of their policy which did more towards bringing about their defeat than

the fact that they were offering to guarantee that loan. You may talk about the Zinovieff letter, but that came so late that in many districts no one knew really anything about it. What did have an enormous effect upon most of the electors was the proposal of the Labour party to guarantee a loan to Russia. It may quite possibly be that a mandate from the electors is a very desirable feature of the constitution. I do not say it is not. I think myself that it is, but if you are going to admit that principle, you must have somebody to enforce it, and that is where I say the need of a Second Chamber comes in. It would be a desirable part of the Constitution if we had a Second Chamber strong enough to see that legislation of a heroic kind should not go through until the people had had a chance of pronouncing opinion upon it. In that form I admit the doctrine of the mandate, and I should be only too glad to see something done to carry it out.

As to the proposals, I have been asked—because I am Chairman of the Committee in the House of Commons on the subject—if I have had anything to do with them. I want to say quite plainly that I have had nothing at all to do with them. They were an absolute surprise to me, and as great a surprise to my Noble Friend who introduced his Motion in another place, and to those other Noble Lords who were acting with him. It is quite untrue to state, as has been stated in some newspapers, that what happened was a put-up job. My proposals on the subject, of whatever importance they are, would be quite different from the proposals which the Government have put forward. I heard what the Prime Minister said, and what was said in another place, as to the elective system. Personally, I would like to see the House of Lords indirectly elected. I believe that works well in France—no one ever mentions France when speaking of the Second Chamber—where, as a matter of fact, the Senate is one of the most useful and important parts of their legislative machinery. It has worked well in France, and it has always seemed to me, at all events, that the best solution of the problem—and it is a very difficult problem—is that we should have an elective Second Chamber, and when there is trouble between the two Houses,

it should be settled by a referendum, and by appealing to the opinion of the country.

I quite grant that you are not likely to get such proposals at present, but I do think it is a great thing that this matter should be brought prominently before the people of the country. I am not nervous of that in the least. I believe when this case is properly put before the people of the country, it will be more and more realised that our present system is indefensible, and that a rational scheme of reform would be brought about. I am ready to welcome this as rather a meagre instalment towards what we want.

I see an Amendment on the Order Paper urging the necessity for agreement on the subject. Agreement on this subject I do not think you are ever likely to get. It is one of those subjects about which every man holds his own opinion, and the cocksurness as to the efficiency of the remedy is in inverse proportion to the age of the holder. I should be only too glad to see any measure of agreement on the subject, but my own opinion is that it is so hard to get those who are discussing this subject to discuss it really on its merits, and not simply on the question of how it would affect the chances at the next election. I believe the real reason why a good many people are afraid of it is that they are afraid there is great popular feeling against any such alteration as is proposed. I fought the 1910 election, of which the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) has just been speaking, on the question of the House of Lords rejecting his Budget, and I turned out the Liberal and got the largest majority that was ever obtained in that constituency under the old suffrage. From what I hear, the idea that there is any strong feeling in the country against the sort of proposals—I do not say in every detail—that the Government are making, is quite wrong. I do not think that in our party, at all events, they are likely to be in the very least unpopular.

As to the proposals themselves, they are divided into two parts. The first is with regard to the provision as to Money Bills. There is the provision as to how a Money Bill should be dealt with, and the provision that rating should not be included under the category of Money

[Sir R. Sanders.]

Bills. Those proposals and the proposals for the constitution of the Committee which was to deal with that are all included in the Bryce Report—a Report which was agreed to by men of all parties. As to the composition of the House of Lords, of course hon. Members, and especially hon. Members of my party, wish to see some 400 or 500 Peers remaining qualified at any time to take part in the Debates of the Second Chamber, but, as a matter of fact, never doing so. I think that is a futile proceeding, but if that be their view, I am not going to quarrel with hon. Members of my party.

As to nomination, that is not a form of alteration in the constitution of the Second Chamber that I myself should advocate, but in the Bryce Committee, it was apparent to most of us, it was by nomination, or, as he called it, by selection, that Lord Bryce himself, with all his great authority, thought the best means of making an alteration in the composition of the Second Chamber could be found. One or two speakers, and especially the right hon. Member for Carnarvon Boroughs, and the hon. Member for the Scottish Universities (Mr. Buchan)—whose brilliant speech we were all so glad to hear—have urged upon the Government that it is much better to leave this question alone. I doubt it. I do not think the question can be left alone indefinitely. It has got to be dealt with sooner or later, and if it is going to be dealt with, I would very much sooner have it dealt with by a Conservative Government than by a Government of any other composition. It is bound to come on sooner or later, and it may possibly be sooner. If the Government drop this question altogether, I think it very possible they may find that some Bill which a Conservative Government send up may be rejected by the House of Lords, and a crisis may arise in that way. If it does not arise in that way, it is almost inevitable that it will happen if and when a Labour Government get into power. That, I think, is generally recognised. I want this question to be dealt with when it can be dealt with calmly and in a sensible manner. I do not want it dealt with by an *ad hoc* Measure, as a solution in a hurry to provide a way out of a crisis, which, I think, is sure to occur sooner or later.

Mr. MOSLEY: It is probable that no speech made during the course of this Debate will be more welcome on these benches than the speech to which we have just listened, for the right hon. Baronet, with his customary acumen, has discovered that in these proposals the Conservative party has got an issue on which they can sweep the country. Long may he prosper in that view. My only hope is that he will persuade the Government that this is an issue which they may take to the electors with every prospect of success. But whatever the views of the right hon. Baronet may be, they afford a very strange contrast to the other speeches we have heard from those benches, including that of the Prime Minister.

To the right hon. Baronet, the proposals now advanced are a feeble instalment of Conservative policy. To the hon. Member for the Scottish Universities (Mr. Buchan), these proposals ought to be immediately withdrawn, as they were a fundamental contradiction of Conservative policy. In fact, we find the Conservative benches in a very strange condition on this occasion. When this Censure Motion was put on the Paper, we expected to be faced with a united army, an army in battle array, on the benches opposite in support of their proposals. In this Debate we have witnessed the ignoble retreat of a broken and divided party. What has happened since, with so much trumpeting and so much sounding of cymbals and brass in another place, these proposals were introduced? There has been a revolt in the Conservative ranks on an unparalleled scale. What the "Morning Post" described as a "Soviet" has intervened—a very respectable Soviet headed by the hon. Member for one of the divisions of Plymouth. Another organ has referred to this revolt as a "Y.M.C.A.," which, I understand, is a reverent tribute to the evangelical character of that group of young Conservatives, a distinguished Member of which I see sitting on the benches opposite, namely, the hon. and gallant Member for Ripon (Major Hills).

Major HILLS: I have many advantages, but I am afraid I cannot claim that of youth.

Mr. MOSLEY: Well, young Conservatives have perennial youth. Their credibility reaches to eternity. But whether this revolt be correctly described as a Soviet or a Y.M.C.A.—and in moments of excitement Conservatism falls very easily into this minor confusion of terms—it has produced a most extraordinary effect on the Government. It is quite clear to anyone who reads the speeches in another place, to which I have devoted some study, that these were advanced as quite definite proposals, to which the Government were formally committed, and by which, Lord Birkenhead said, the Government were bound by every consideration of political pledge and of public honour.

In the light of those declarations, what are we to make of the performance of the Prime Minister this afternoon? The Conservative party is suffering from internal convulsions, and the Prime Minister administered one of his well-known soporifics. I very much doubt whether it will work. He began by telling us that the Cabinet had sanctioned the proposals. He told us that a period of gestation amounting to no less than a year had previously taken place, that these proposals had been profoundly considered, and that they were produced as the considered judgment of the Government. Then what happened? He tells us it is very sad that these proposals, which had been considered for a year, are not regarded as entirely nebulous proposals. It is, apparently, the highest ambition of the Prime Minister to be regarded as nebulous. It used to be honesty; it is now nebulosity. Thus do we proceed on the triumphant path of Conservative government! Tonight he positively derided the suggestion that this Bill would be presented in the form of the proposals which the Cabinet considered. He said they were just tentative, nebulous proposals, thrown out in order to secure criticism and ventilation. I venture to believe that he will get all, and more, of the ventilation he requires. That ventilation will turn into a draught which will blow the Conservative party from power. Has there ever been a more miserable performance of this guillotine Government than that which we have witnessed this afternoon? After the pomp and circum-

stance of the Peers' Debate, the ignoble balancing trick of the Prime Minister and the precipitate retreat of his followers.

This is no light and idle matter; these are pledges and commitments of the Conservative party. What were we informed by Lord Salisbury in another place? He told us, as the right hon. Baronet has just told us that a resolution was passed just before the last General Election by the National Union of Conservative Associations which, in the words of Lord Salisbury, went a great deal further than the modest proposals which are now laid before the country. In the view of Lord Salisbury even these proposals scarcely fulfil the commitments to the party. He was doubtful whether they were going far enough to fulfil their pledges. Now even these modest proposals are thrown over for all time, given to the wolves of the Soviet to be devoured. Lord Birkenhead was even more specific. Knowing the political integrity of Lord Birkenhead, knowing his personal character, who can doubt that this painful surrender will be followed by the resignation of Lord Birkenhead? Lord Birkenhead said:

"I say that had it been honourably avoidable, had it been possible for us consistently with our pledges, our obligations and our duty to avoid or postpone this constitutional issue, I for one would gladly so have avoided and so have postponed it."

This afternoon the Prime Minister's one concern about this constitutional issue was whether this stone of Sisyphus, if rolled up the hill, would roll back and do him any harm. Is this his conception of the honourable obligations to which the Conservative Government are giving execution? Lord Birkenhead addressed a positively impassioned appeal to his followers to live up to their obligations and their pledges. He said:

"Are they quite sure that . . . exposed to the risks which the Noble Duke"—
of Northumberland

"did not exaggerate"—

he never does exaggerate

"that it would have been possible for sane and prudent custodians of our public affairs, entitled by their public declarations to deal with this matter and expected by their supporters in the country to carry out these pledges, to let the years pass by and lay aside the opportunities of office with the admission that we had failed where we were most deeply committed?"

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It was not necessary for the years to pass by. Only nine days passed by before Lord Birkenhead wrote to the "Times" referring to the "late" proposals of the Government, and the Prime Minister admitted this afternoon, to use the language of Lord Birkenhead, that the Government were only too ready and too happy to fail where they were most deeply committed. We cannot feel surprised if the right hon. Baronet who has just spoken, and if the Duke of Northumberland whose well-known moderation was eulogised by Lord Birkenhead, should feel rather let down in this matter. In another place those debates formed a most admirable reflection of the Conservative mind. The Duke of Northumberland warned his party in the country of the danger which may be expected from letting this opportunity pass by. He referred to us on these benches as a whole party sympathising with a Power

"founded on massacre and pillage of which even Attila and Tamerlane never dreamed."

Those were the considerations, reinforcing the solemn pledges of his party, which led Lord Birkenhead to say that the Duke of Northumberland had not exaggerated, and that something must be done immediately. The Duke of Northumberland performed an even greater service for the Government. He vindicated the innocent character of these proposals by referring to the absolute necessity of a strong second Chamber in order to check

the vagaries, the follies, and, I may say, the iniquities of the Socialist party."

Those are the expectations of their followers. What are the Government going to do about it? From the speech of the Prime Minister this afternoon it seems they are prepared to break all their solemn pledges rather than risk execution without trial at the hands of the new soviet in the ranks of their party. Since the Debate in the House of Lords what the Duke of Northumberland described as the old shibboleths of democracy have reasserted themselves, and I venture to say that these proposals are still-born, and are very unlikely to proceed further along the path of life. What is the position of Lord Birkenhead? That really must be one of the principal inquiries. Lord Birkenhead, who ever puts public principle

before political expediency, a man who said that every consideration of pledge and of public honour bound him to this course, will at least proceed on the path ordained, and the resignation of Lord Birkenhead will be handed in to the Prime Minister this afternoon. His heroic resolve was expressed in a glowing peroration:

"We have reached the clear conclusion that we are entitled and bound to carry this matter forward. I am not discouraged and I shall not be discouraged by Parliamentary criticisms here or elsewhere, for with no small experience of the feelings of this country I am satisfied that we have a quarrel here which we can carry to the issue and bar of public opinion."

Nine days later he seems to have decided that this great quarrel was to get no further than the bar of the Carlton Club, with which, of course, Lord Birkenhead is not nearly so familiar. But whatever be the fate of the individual Ministers who are responsible for this egregious blunder, it appears that Conservatism is at length going to cry check to the downward path upon which it has embarked. Even hon. Members opposite, even Members of the young Conservative party, could not quite stomach that third stage in the glorious trilogy of their party, two stages of which have already been completed. The first step in the policy of the present Government was to reduce the standards of the poor in the interests of the rich. The second stage was to remove the industrial weapon by which the working-class could recover what they had lost. The third stage was to remove the political instrument which was their last hope; and only at that stage, when they saw that the final execution of their designs would bring disaster to the whole fabric of the State, is the Conservative party, a substantial element of it, crying "Halt!" to the course upon which they are embarking.

Can anybody who examines these proposals doubt for one moment that they would effectively rob the House of Commons, and the Labour party in particular, of any chance of carrying their major proposals through Parliament? The right hon. Gentleman said this afternoon that the House of Lords would have no control over finance. That may be true, but they are to decide what finance is, and the person who settles what is finance has a fairly good control over

the finance itself. In this proposal to interfere with the right of the House of Commons to deal with Money Bills, the Government are endeavouring to destroy a principle which has subsisted in this country since the year 1628. That is a point which has not been brought out in this Debate. So long ago as 1628 the power of the House of Commons to control finance was recognised by the omission of any reference to the House of Lords in the preamble of Money Bills. Ever since that date, with ever-increasing success, the authority of the House of Commons over financial matters and matters of taxation has been asserted, until finally it found statutory recognition in the Parliament Act. It is that historic right, extending over centuries, which the Government propose to vary in this legislation.

What is their proposal? Their proposal is to alter the tribunal which decides what is a Money Bill, and, more than that, to alter the definition of a Money Bill. This Committee, composed of an equal number of representatives from both Houses, is, presumably, to be elected in accord with the proportional strength of parties. It is always understood that with a House of Lords on an almost entirely hereditary basis the Conservative party will always have a larger majority in the House of Lords than any progressive party will have in this House. Consequently, if membership of that Committee is on a proportional basis in relation to the strength of parties, it would give Conservatism a permanent majority and a right to decide what is or is not a Money Bill. When we add to that the new definition which has been raised in these Debates, it is perfectly clear that any social legislation introduced by the Labour party would have no chance whatsoever of getting through under the two years' limit. After all, we now have the new definition. The authority deciding what is a Money Bill is not only to look at the form of a Money Bill, which is precisely described in the present Parliament Act, but is also to look to the substance and the effect of a Money Bill. I trust and believe that the substance and effect of any Labour Budget will be to transfer purchasing power from the rich to the poor in some form or another, and I ask what chance has any Budget, the substance and effect of which is to tax the rich in the interests of the poor,

of passing through a Committee composed in perpetuity of a majority of the Conservative party? It is perfectly clear that any social change in the direction of increased old age pensions, family allowances for mothers in respect of children, and any beneficent and far-reaching change which normally would be carried through under the auspices of a Budget as a Money Bill, would be checked and frustrated by this new provision which talks of substance and effect. It is a mockery, and this contention of the Prime Minister this afternoon that the position of the House of Commons would be quite safeguarded—

Sir CHARLES OMAN: Has the Prime Minister done nothing for the widow in the last year or two?

Mr. MÜSLEY: The hon. Member for Oxford University (Sir C. Oman) is only two years behind the time on this occasion; I have never known him so nearly up to date. The Act to which he alludes was passed two years ago. We are now referring to a Measure which was to have been passed next year. I am wrong; there was an interval of three years between the occasion which is troubling the mind of the hon. Member and the Measure we are now discussing. We will leave the eminent historian to consult with the eminent lecturer who sits beside him, as to the relative importance of something which happened two years ago and something which was due to happen next year. I hope they will resolve their doubts in due course and be enabled to illuminate this Debate with a disquisition not upon subjects two years old but upon the reform of the House of Lords, which we are now discussing.

It is not necessary to delve far into this matter to show, as has already been done this afternoon with extraordinary force by several speakers, that if this proposal of the Government was carried out, it would place any progressive party absolutely at the mercy of a House of Lords superior alike to a Sovereign and the House of Commons. The Prime Minister said that he would not establish a House of Lords which was a rival of the House of Commons. We never suggested that he was doing anything of the kind. He is establishing a House of Lords actually superior to the House of Commons. The merits of this case need

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argued further, when we see on the Government Benches a dismay and rout which has not been witnessed in the Conservative party since the famous occasion when the Coalition Government fell through a similar event. But perhaps the issue is still in doubt; it may still be in doubt. The Prime Minister may yet be captured by either of the contending sections, and upon that internal contest in the next few months in the Conservative party depends very weighty and grave issues in this country. Always in the party opposite there has been a section of opinion which in order to entrench privileges, in order to snatch advantages, which are always illusory when matched against the will of the nation, has been ready to risk even civil strife, even to risk the whole structure of the State in the pursuit of its illusion; but, happily, in the struggles of the last century there has been a section in that party, not quite so strong as it was, which was ready to intervene on the side of reason and compromise. That element, I believe, is now weakened, and the obscurantist element, as a general rule, has been strengthened, for the simple reason that the character of the Conservative party has changed. Aristocracy has given away to plutocracy. The hereditary Samarai who on more than one occasion Wellington led from the House of Lords in order to permit the passage of reform, has passed to the land of shadows. They, at least, had the grace and the wisdom to bow to the inevitable. They are gone. Mammon rules in their place: Mammon, stiff-necked, myopic, has never had the grace or the wisdom to bend. It may well rest with the party on these benches to teach him how to break.

Whatever be the issue of these events before the grave matter passes to its final proof, many of us will watch with interest and anxiety the struggle in the Conservative party, now proceeding, which may avert and stem grave disorder in this country. That struggle will be watched with interest by everybody who values our tradition of ordered progress. It will be watched with grave apprehension by everyone who recalls that in the past, in the stormy history of this land, quarrels very like this have passed beyond the arbitrament of reason to the decision of a sterner tribunal. That struggle in the Conservative party will be

watched with solicitude by everyone who believes, as I do, or as I did believe, that we have passed beyond those primæval barbarities to an age in which the will of the people, driven by the urge of suffering, can find constitutional expression in social changes, not vast but peaceable. I ask hon. Members opposite to believe that whatever happens and whatever their decision may be, those changes will come. They may come peaceably or they may come terribly, but come they will.

You cannot erect a dam of obsolescent privilege across the current of human evolution. You may change the character, as their reactionary administration has striven to change it, but you cannot arrest the advance of the tide of progress. I for one believe and hope that this great movement will become, in due course, a river in a firm bed, a river capable of carrying on calm and steady current the freights of human happiness; a river to which may be harnessed, in due course, all the energies of our now adolescent science to lift from mankind the burdens of poverty and toil; a river which shall carry forward in serenity and dignity the noble cargo of human aspirations. That may be a conception which it is in the power of hon. Members opposite to check or to frustrate. It is open to them with their little measures to dam, to thwart and to change the peaceful character of this great development. It is open to them to alter the course of that river, and in doing so to create a storm and tempest that will smash its way to triumph through the wreckage of things that are, a force more powerful in its reckless and turbulent might than all the wisdom and custom of the ages. I believe sincerely and intensely that upon this issue by their decision and possibly by their votes in the near future, they may determine these great events, and I ask them to believe that by one method or another, by one course or another, the principles which they now seek to destroy shall rule in this land.

Lieut.-Colonel SPENDER-CLAY: I have listened with great interest to the whole of this Debate and I listened with pleasure, and with a greater sense of agreement than ever before, to the speech delivered by the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George). What struck me most about that speech

was the extraordinary atmospheric effect which different conditions have upon the right hon. Gentleman. I recollect that in a speech which he delivered a few days ago at Conway he said that he went down to Wales to witness the Corona but all that he saw, I understand, was the shadow of the moon and the shadow of the moon combined with the Welsh mountains, and the clouds and the sea seems to have had an extraordinary effect upon him. He said that he spoke in parables, and after a long diatribe against the House of Lords he proved to his own satisfaction that the House of Lords were responsible for the Great War. That is a gross exaggeration, to put it in no stronger terms. To-day his tone was very different, and I welcome the change.

The Vote of Censure which we have before us to-day is also couched in terms which are an exaggeration of the facts, and for that reason I think there will be no difficulty, whatever may be the opinion of various Members of the Conservative party, in recording our votes against the Vote of Censure. A good deal has been said this afternoon about the Constitution. Really, we have no Constitution in the true sense of the word, if we compare it with a written Constitution like that of the United States of America. I do not believe that a written Constitution is a real safeguard of this country. A written Constitution is too inelastic; there is no give and take in it. The only form of written Constitution which we have at this moment is the Parliament Act. I am not at all sure that far from removing us from any danger of violent upheaval in this country, a written Constitution would not actually contribute to that end.

In regard to the proposals which were adumbrated by the Lord Chancellor in another place, I was very glad to hear the Prime Minister say to-day that they were put forward for criticism and ventilation. It is very difficult for any Member to take any strong action or any strong line against a Government of which he is a supporter, but I so firmly believe that if those proposals ever saw the light of day in the form of a Bill in this House, not only should I be compelled to speak against them but also to vote against them; and I am not speaking alone in this matter. It may be said that the House of Lords man for man is as good as this Chamber, or that any

group in the House of Lords is as good as any group in this Chamber. It may be said that the House of Lords represents some of the best brains in the country. That is perfectly true. That is an argument for leaving things alone. I cannot subscribe to the idea that in the year 1927 if we are about to amend our Constitution we should maintain hereditary qualifications in order to obtain it. That appears to me to be impossible of admission. We know it cannot work, because you are going to make a brand new Constitution. That is really what it is. It is a brand new thing altogether, and therefore, I think, to preserve the hereditary qualification for membership of the House of Lords in this scheme is not one of its popular points.

I think it is possible to get a measure of agreement with regard to one of these proposals put forward by the Government, and agreement on any change in the alteration of the Constitution is one of the first things to be aimed at. I think there could be a measure of agreement reached with regard to what is known as the Speaker's Veto as to what is a Money Bill and what is not. We know quite well, Sir, that you, the occupant of the Chair, would take advice and counsel and only after great thought and consideration would give a decision as to what is or is not a Money Bill. But the responsibility is in your office, and I do not think the Chair ought to be brought into party politics, or that the responsibility should rest on the Chair. I agree with what has been said in this connection by the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) that in any Committee that might be set up to advise on this matter this House ought to retain its privileges, and that any Committee set up for this purpose should be composed of Members of this House and this House only.

[Lieut.-Colonel Spender-Clay.]

Second Chamber. I think they would value the feeling which prevails, and therefore I wish it were possible that all three parties in this House could combine in order to devise a scheme. It may seem to many of us at this moment hopeless, but I do not think for that reason we ought to give up trying, and with the good will of Parliament on all sides some Constitution for a revised Second Chamber could be devised.

I heard the Prime Minister saying that an elected Second Chamber would have certain disadvantages. I agree with him. I do not care whether the Second Chamber is elected by county councils or groups in this House, the principle of election as applied to a Second Chamber is equally bad. The effect of having two elected Chambers must be a clash between them, a constant conflict of opinion which would certainly not conduce to better feeling between them or to the better conduct of the affairs of the country. I hope some way may be found to help us out of this difficulty, and I have come gradually to the conclusion that the only scheme, or rather the scheme which affords the smallest amount of objection, is a House constituted on the basis of nomination over a period of years that would gradually replace the present House of Lords. By gradually replacing the present Chamber, you will get that process of evolution which is so necessary to our national life, and by that means I think you would get the foundation of a Second Chamber in which the country would have confidence.

I have spoken in this discussion and have made these suggestions, because I would like to make my position clear, and, while I feel that I can with perfect justice register my vote against this Vote of Censure, yet, as the Prime Minister said he wanted consideration and criticism of the Government supporters and desired to have them ventilated in debate, I think it is right that we should make our position perfectly clear. I only speak for myself, of course, but I think there are others here on this side of the House who would be prepared to agree with me. But, if we have a Bill introduced into this House founded on the principles underlying the proposals announced in another place the other day I should be able to do nothing but oppose

Mr. PETHICK - LAWRENCE: I listened with very great attention to the Prime Minister's speech, as I am sure every member of the House did. I waited to the end of that speech in the hope of having some elucidation of the riddle with which this House is confronted. When the proposals were made in another place with regard to the reform, so-called, of the House of Lords, they were put forward on the authority of the Government. What we wanted to know this afternoon was whether the Prime Minister stood by those proposals and was prepared to defy the oncoming tide or whether he was inclined to withdraw them. All we heard at the end of the speech, however, was that those proposals were intended to elicit criticism and ventilation, and that any Bill that was drafted in connection with those proposals would take into account the criticism delivered in this House in debating them. We have heard varying opinions from the opposite side of the House, and I think it would be extremely interesting if every Member of the Government party expressed their opinions. That is not likely to happen, but we have on the Order Paper a large number of suggestions put down in the form of Amendments, and it is perfectly clear from these that there is in the Party opposite the very widest divergence of opinion. The Prime Minister said that one of the things that justified those proposals in the form in which they were was the Preamble to the Parliament Act, and the right hon. Member for Wells (Sir R. Sanders), in the words of an Amendment which is on the Paper, congratulates the Government on their

"tentative proposals to reform the House of Lords, thereby carrying out the pledge contained in the Preamble of the Parliament Act."

The words of the Preamble of that Act have not been read in the House this afternoon, and therefore I venture to think it would be of some service to the House if I read the following sentence from that Preamble:

"And whereas it is intended to substitute for the House of Lords as it at present exists a Second Chamber constituted on a popular instead of a hereditary basis."

Now this scheme which has been put forward by the Government through Lord Cave the other day does not propose to substitute for the House of Lords a

Second Chamber constituted on a popular basis instead of a hereditary basis. Instead of that, it proposes to put the hereditary basis more firmly and securely into the Constitution of the House of Lords, more securely than ever, and therefore it is quite ridiculous for the Prime Minister to say that he is merely carrying out a pledge given in the Parliament Act and for the right hon. Gentleman the Member for Wells to congratulate him on those proposals for that reason.

Whether it is desirable for this country to be governed by one or by two Chambers may be a matter of opinion, and whether it is desirable that the Second Chamber, if there be one, should be constituted on a hereditary or on a popular basis may also be a matter of opinion. But I think there can be no question that a Second Chamber predominantly based on the hereditary principle, and therefore with its roots in the past should not in this twentieth century have its powers increased and should not be entrenched in a more impregnable form than it has had for centuries. Yet, in fact, that is what is proposed to be done in this scheme put forward on behalf of the Government to-day. Under the present constitution of the other House, that House has certain powers of delay and revision of Measures sent to them, but under the Parliament Act these powers are subject to being abated at any time. What is the proposal submitted to us at the present time? It is that the powers of the House of Lords are not to be changed except with its own consent. It is commonly assumed that this means that the powers of the House of Lords should remain as at present. But it is nothing of the kind. A Labour Government, for instance, could not reduce those powers, but a Conservative Government would have the power to increase and extend the powers of the House of Lords. This is not a view which has arisen out of my own imagination. To show that that is possible, I can only refer to statements made in another place when these proposals were being outlined. It was made perfectly clear that many Members of the Conservative party were in favour of giving the House of Lords, not merely a suspensory veto during the life of Parliament, but a veto suspensory over a General Election. That being the posi-

tion, it is not merely possible but likely that a Conservative Government in the future might extend the powers of the House of Lords.

The objection we have to the proposals therefore is not only that the veto in its present form could never be reduced, but that when a Conservative Government was in office it might be greatly increased and extended. Over and above this, by these new proposals

8.0 p.m. the Second Chamber is entrenched in a position very much stronger than it has ever been in before. By the removal of the prerogative of the Crown to create Peers to sit in the House of Lords, it would be rendered impossible for the will of the people to prevail by the constitutional methods which have been effectively employed by Governments of this country, not merely since the Parliament Act, but during a long period of our history. There would be no constitutional means of over-riding a hostile attitude on the part of the Second Chamber. It is a very dangerous thing to block constitutional means of reform. We have been discussing for a considerable time provisions which the Government alleged were intended to deal with the general strike, and the argument they used, and which was also used last year, was that the general strike was an improper method of attempting to carry out reform; that the workers need not use such a revolutionary method because in the Constitution of this country they have full power in their own hands. They have only, through the ballot box, to elect the Government of their choice, and the will of the people will be carried out. In this scheme for remodelling the House of Lords the Government would be taking away that constitutional means of redress. They would be blocking the normal path of reform and forcing the people to adopt one or other of revolutionary means. Therefore, whatever they may have been able to argue against the general strike in the past, they would not be able to make out that case to-day. One of the objects of this scheme is therefore to bridle the democracy, but the democracy of this country will never consent to be bridled in the way which this scheme would do.

[Mr. Pethick-Lawrence.]

I now come to the control of Money Bills. It has been pointed out in this Debate that a great mistake was made in another place with regard to the Speaker's decisions on Money Bills. It was stated there that the Speaker had evidently so far failed to be accurate that, when dealing with the same Bill in two successive years, he had first refused to certify it and that afterwards he certified it as a Money Bill. That was the War Charges Validity Bill. Lord Cave, who made that statement, had afterwards to withdraw it and admit that it was entirely without foundation. The two Bills were essentially different, and the reason which prompted the Speaker in the first place not to certify was removed, and the Speaker was perfectly right on the second occasion in certifying it. But what has not been brought out in this Debate is another very interesting point, which shows the very great care which the Speaker has exercised, ever since the Parliament Act was carried, to see that his certificate with regard to Money Bills was only given on entirely proper grounds. There have been, I think, since that Act was carried, 15 Finance Bills carried through this House. It may be a great surprise to this House to learn that, out of those 15 Bills, no less than seven did not receive the certificate of the Speaker as being wholly Money Bills. That was true of all the Finance Bills during the War; it was true also of the Finance Bill of 1921 and of the Finance Bill of 1923, which represented the Budget of the right hon. Gentleman who is now Prime Minister. It was true of the Finance Bill of 1924, which carried out the Budget of my right hon. Friend the Member for Colne Valley (Mr. Snowden). In addition to that, the Finance (No. 2) Bill of 1915, which was passed in the autumn of the first War year, was also not certified as a Money Bill.

Thus half the Finance Bills since the Parliament Act came into operation have not been certified by the Speaker as Money Bills, and I think that completely disposes of the idea that the Speaker, when acting in his judicial capacity, is biased and is not a fit and proper person to exercise the jurisdiction which the Parliament Act gave him.

He has been shown to have used the very greatest circumspection. We know, from our own experience, when an hon. Member is honoured by this House by being placed in the Chair in which you, Mr. Deputy-Speaker, sit at the present time that, from that date, as the whole history of the House of Commons has shown, he discards party bias and acts with the high sense of duty which the present Speaker has always shown. It is in consequence of that that we regard him with the veneration which has always been accorded to the Speaker of this House. It has now been suggested that the power to certify Money Bills should be taken away.

Notice taken that 40 Members were not present; House counted; and 40 Members being present—

MR. PETHICK-LAWRENCE: It is proposed to take away the power from the Speaker and to give it to a Committee. The hon. Gentleman who spoke last suggested that this Committee should be a Committee consisting solely of Members of the House of Commons. The objection to that, it seems to me, is that you would be placing in the hands of a body of men who are necessarily biased by party views a judicial decision which does not properly belong to them. But that is not the proposal in the Government's scheme; the proposal is that it should be a Joint Standing Committee of the two Houses, with equal numbers of both. The effect of that, as has already been pointed out by the hon. Member for Keighley (Mr. Lees-Smith) would be that there would be a permanent Conservative majority on that Standing Committee. If that Committee were to have the same purely judicial function to perform which is now exercised by the Speaker, it may be that, in spite of having a permanent Conservative majority, they would come to a perfectly sound and unbiased conclusion. But it is part of this scheme that the Committee should not have a judicial function; that they should be able to decide not merely upon the form of the Bill but as to the "substance and effect" of the Bill. That was what was said in another place. The Prime Minister today went further and said that there were Money Bills which could be in the form of Money Bills but which, industrially, commercially and socially affected the life of the country, and that such Bills ought

not to be classed as Money Bills. Under these circumstances I have no hesitation in saying that a Committee on which there would always be a party majority could not be relied upon to give a purely unbiased decision. I will go further and say that, inasmuch as these questions are largely decided by precedent, the whole position as to what was and what was not a Money Bill would change from time to time.

What would, in effect, take place would be that the power of the House of Lords to interfere with Money Bills would broaden down from precedent to precedent, and the power of this House to decide for itself what was a Money Bill, and to decide the whole policy of the finance of this country, would dwindle down from precedent to precedent. It is because we take that view that we most strongly oppose this idea that the decisions as to Money Bills should be taken out of the hands of the Speaker and handed over to any such Committee as is proposed.

I want to refer to the attitude which is taken up by other parties than our own. We had a very interesting speech from the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George), a speech which in its main attitude, I think, will find a great deal of support in this quarter of the House. But I could not help, while the right hon. Gentleman was speaking and belabouring the proposals of the Government, having this reflection: Who was it that enabled the present Government to have a large majority at the present time? How does it come about that, with a minority of votes in the country, the present Government are put in a position of power, if they choose, to introduce and carry through this legislation? It was the right hon. Gentleman and his followers who made a pact with the followers of the present Government and thereby enabled them to come into power. In addition to that, there is the opposition from the ranks opposite. I was entranced, as many were, by the wonderful speech of the hon. Member for the Scottish Universities (Mr. Buchan). I hope it will not be very long before we hear him again. He exposed mercilessly the propositions of the Government in this scheme. We have had others, and, no doubt, before the Debate finishes, we

shall have many more speeches from the Government side on the same lines; and I cannot help thinking that, although the Prime Minister did not say so in so many words, he will, before this Debate is over, recognise that his precious scheme is dead past resuscitation, that this little infant born into the light of publicity only a fortnight ago, has already passed away from this world. If that be so, I cannot help thinking that the most fitting epitaph which can be put upon its grave will be:

"If I were so soon to be done for,
I wonder what I was begun for."

Mr. DUFF COOPER: I was surprised to hear the hon. Member for West Leicestershire (Mr. Pethick-Lawrence) attack the Leader of the Liberal party for having put this Government in office, and for having made a pact with this Government. That is not true. The Leader of the Liberal party never made a pact with the present Government, and is not responsible directly for their being in office. The only party with whom the Liberal party ever made a pact is the Socialist party, and the only Government they ever put in office was the Socialist Government. It really, therefore, comes rather ill from the Socialist party that they should taunt the right hon. Gentleman with making pacts.

There was much else in the hon. Member's speech with which I find myself in considerable agreement. He dealt at some length with the various proposals of the Government for a new machinery for deciding what is a Money Bill, and he referred to the statements made by the Lord Chancellor in another place as to instances in which mistakes had been made by the present Speaker—statements which the Lord Chancellor had to withdraw the next morning, as he found that he had been utterly misinformed. Strangely enough, he gave one other instance. He also said that their Lordships would have liked very much to discuss the Safeguarding of Industries Bill, but that, owing to the action of the Speaker, they were denied that right. There, again, he was utterly misinformed: the Safeguarding of Industries Bill received the certificate of the Speaker, and there was nothing except their Lordships' disinclination, or, perhaps, pressure of work, that precluded them from discussing it. Another Member of the Government in

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the other House used even stronger language with regard to the Speaker of the House of Commons. He said that over and over again wrong decisions had been given by Speakers, but he gave no instances at all, and, unlike the Lord Chancellor, he never withdrew those attacks on the Speaker. I must say that I think it is almost a breach of privilege that a Member of the Government in another place should make attacks upon the Speaker of the House of Commons, and, personally, I hope that, when the Chancellor of the Exchequer, who, I believe, is to reply on behalf of the Government, speaks this evening, he will express regret on behalf of his colleagues that any such attack should be made by a Member of the Government on the Speaker of the House of Commons.

As for the proposal itself that the Speaker should in future be one of a Committee—whether he is to be the Chairman of the Committee seems to be still undecided—I do not think that there is very much to be said against that proposal, but, on the other hand, I do not see that there is very much in its favour. The Speaker hitherto has carried out his office to the satisfaction of everyone. It is one of the least satisfactory symptoms of democracy that people are always anxious to shift responsibility from the individual on to a Committee. The love of Committees is one of the most dangerous *penchants* of democracy, in my view. It is false doctrine that a Committee does better than an individual, because, every time you increase the number of a body responsible for any decision, you diminish the sense of responsibility among the members of that body. When one man has to decide a question of this sort, whatever may be his political bias—and every man has a political bias at the bottom of his heart—he puts that entirely aside, because he thinks, “I shall be judged by this decision; everyone will watch it; my foes and my friends will be eager to find whether I have been absolutely impartial.” If you have a Committee of five or six Members of one party and five or six Members of another party, each and all of them will naturally be biased by their party feeling. They will feel that any decision is a decision of the Committee, and that, therefore, no one

will say that it is prejudiced; and, meanwhile, each will do the best he can for his own party point of view.

For that reason I think it is better that this decision should be taken by the Speaker only. After all, he can be assisted now by two members from the Chairmen's Panel, and he also has his own professional assistants, permanent officials trained to this particular kind of work. This proposal means that he will have rather a larger Committee than before, but a larger Committee is not usually more useful or more expeditious than a small one. The work that the Speaker has to do in this connection often has to be done with great expedition. A Bill may be passed one night in this House, and may very probably have to be dealt with the next night in another place, and, therefore, the more quickly the work is done the better, and the smaller the Committee for the purpose the better. That, however, is one of the proposals of the Government which I think has met with the less criticism, and in which I think there is less harm, perhaps, than the others. The Prime Minister has said that he wishes to find out what the views of this House and of the people in the country are with regard to these proposals. I, therefore, feel that we have been given a charter to say exactly what we think of the proposals without any disloyalty to the Government, and I intend to avail myself of that charter.

In the first place, it should, in my opinion, be a principle of Conservative policy not to destroy anything until you are sure that you are going to put something better in its place. Can we say that the new House of Lords which the Government propose to set up will be a better assembly than the present House of Lords? How is it going to be chosen? Of whom is it going to be composed? In the first place, it is to be a very much smaller House. You are going to get rid of the people who never go, and that, upon the face of it, will not make a very startling difference to the real constitution of the House of Lords. You are going to say, to those who never go, that, as a punishment, they shall never be allowed to go. It is as though boys were punished for non-attendance at school by being granted a perpetual holiday.

You will then be left with the members of the House of Lords who now go there, and we are told—on all these matters we only have the authority of one Minister for each statement—we are told by one Minister that the number will be about 350, and that a large majority will be hereditary peers. Supposing that the hereditary peers were only a small majority—putting their number at, say, 180—that is about the number of those who usually attend the House of Lords at the present time, so that we might think, on the face of it, that it would be exactly the same. That, however, would be too hasty a conclusion to come to, for these members are to be elected by themselves from their own ranks. Can it be supposed that, if the election is free, if they have the right to vote for whom they wish—and it is no use allowing them to vote at all unless you give them that privilege—is it to be supposed that they will vote for a single representative of the Socialist party? Is it even certain that the small body which represents the Liberal party in the House of Lords will be returned intact? I believe, on the contrary, that, with a free vote, not a single Socialist or Liberal will be elected.

How are you going to get over that difficulty? Various ways have been suggested. One of them is proportional representation. Proportional representation may be of some use in representing important minorities, but no system of election can possibly hope to represent a minority of 10 in a body of over 700. We might say that the number of hereditary Peers should bear some proportion to the respective numbers in this House, and, under that system, you would, perhaps, get all the present representatives of the Labour party and of the Liberal party returned; but it would be nonsense to say that they had been elected. They would not have been elected at all, but would, in fact, have been nominated. Then, having got rid of the backwoodsmen of the Liberals and Socialists, could it be said that you would have left even the cream of the Conservative party? I think there is room for considerable doubt as to that. In the first place, it is the truth that in any body of men, whether it be a trade union or a public school, whether it be the crew of a ship or an hereditary Chamber, there is a natural dislike of

those who are of an original turn of mind, those who are individual in character, those who take their own line upon subjects on which other members of the community have very definite opinions. I think you would get in this re-elected House of Lords originality and independence stamped out. Hitherto one of the great advantages which has attached to that assembly is that every man who is a Member of it is free from that day forth. He does not have to worry about what his constituents will think. He does not have to think of the next General Election. He can take his own line and can speak and vote against his party if he wishes. Would it be the same? Those who still wish to be Members of the House would know that every time they spoke they were endangering their re-election. You would destroy one of the most important privileges of a Peer to-day, that is, his complete independence.

That would be the first cause of diminishing even the merit of the Conservative Peers who would be left, but there is another and a more important one. We may suppose that under the new system a Peer will have the choice of sitting either in this House or in another place. How are we to suppose that the more energetic, the more interested in politics, the more eloquent, the more ambitious—how will they decide when that choice is offered them? How have they always decided in the past, because we have had examples of how the system works, and it has been referred to by those who defend the system that it has been tried and has worked very well in the case of the Scottish and the Irish Peers. I remember only one incident during my short acquaintance with politics when the Scottish Peers have come into prominence, and that was in connection with the famous Budget which has been mentioned to-night. One Scottish Peer voted for the Budget and he was turned out at the next Election. What is the history of the Irish Peers? The Irish, who have always been more privileged than the Scotch, had a unique privilege. They made their union on very much better terms than Scotland, though the Scotsman is supposed to be good at bargaining. Their Peers were allowed to choose, and they can be elected to the House of Lords or to the House of Commons. We

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know even from our own experience how much the Peers who have sat in this Assembly have contributed to it. In the past there have been Prime Ministers from the Peerage of Ireland, Lord Palmerston and Lord Melbourne, either of whom might, if they had chosen, have sat in the House of Lords. What happened then will happen again, and you will get all the talent that exists in the Conservative party in the House of Lords to-day eager to sit in the House of Commons. The new House of Lords will be incontestably an inferior body to the present one, and yet it is proposed to give increased powers to this inferior body.

Surely it is another axiom of Conservative policy that you should only reform when there is an urgent demand, when the abuse is so gross as to demand reform. Can it be true to maintain that that is the state of affairs at present? Can it be maintained that this Government has so much spare time on its hands that it should select this as a fitting moment to deal with so great a problem? The programme of the Government during the next year is full, and we believe all the Bills the Government intend to introduce during the coming year are Bills of great importance. We should not like to see a Clause in any one of them sacrificed in order to introduce a great constitutional reform. But much more than a Clause, more than a whole Bill will have to be sacrificed if this matter is to be dealt with. We have had examples lately enough to remind us of more urgent matters which await the attention of the Government. There is the Report issued only a few days ago on the conditions of housing in Westminster which will prove to the satisfaction of most people that there are houses in Westminster in greater need of reform than the House of Lords. It cannot be pretended that while the Conservative party is in office the House of Lords is a hindrance to good Government. On the contrary it is a great assistance. So long as this party is in power the House of Lords works smoothly, and so the need is not immediate. The need belongs to the future.

The reasons given here and in another place for the reform have been many. The Secretary of State for India protested that he had no idea of setting up

a House of Lords which would stand as a bulwark against revolution. His main solicitude was to be sure that the Socialist party was properly represented in that Chamber. Whether or not we can persuade ourselves that the Noble Lord has spent sleepless nights over the proper representations of his opponents in the Upper House I should have thought no one in the Conservative party need worry himself particularly about the welfare of their opponents over a matter of this kind, especially as their good offices are not likely to be met with gratitude and, as a matter of fact, have been met with the volley of abuse that is contained in the Vote of Censure we are discussing. But even if they could be persuaded that it was for their own good that we were doing this, in order to help the Socialist party, even if that had been the intention this proposed reform would not carry it out, because how are we going to make sure that the Socialist party is properly represented in future? The Prime Minister is to have the power of nomination, but the House need hardly be reminded that every Prime Minister has always had a power of nomination to the House of Lords. He has always had the power of nominating which of his political supporters he wished to take a seat in that House, and the Prime Minister of the Labour party when he was in office had the same power and exercised it as he thought good. The only difference would be that under the new scheme it would be in the power of the Prime Minister to select those of his political opponents whom he desired to sit in that place. Presumably he would consult with the Leader of the Opposition, but even in that case can it be maintained that that would really properly represent the other party, or any other party, in the House of Lords?

But that is not the real reason. Even if it were the reason why this proposal is produced it is not the reason why it has found considerable support in certain quarters. That support comes solely, if not entirely, from those who believe there is a great danger of revolution, and who think the only bulwark against revolution is to strengthen the Upper Chamber. That proposal will be applauded by many. Let us examine this danger of revolution. If a Government

get into power, presumably they will endeavour to carry out the will of the people. Every Government has in the past, and we may presume that every Government will in the future, unless the time comes when we have a Bolshevik or a Fascist Government. If that time comes there will be a revolution indeed, but what use would the House of Lords be to stand up against a Lenin or a Mussolini? So long as we have a constitutional party working in a constitutional way they would endeavour to the best of their ability to carry out what they think is the will of the people. They may misinterpret it. There is always the danger of that. It is frequently done. We, for instance, thought we were carrying out the will of the people when we introduced the Trade Disputes Bill. I am still convinced we were. The Opposition, on the other hand, thought there would be such an outburst of indignation all over the country that it would sweep the Government away. It has been admitted even on those benches that they had been cruelly disappointed. They have found out that the feeling of the people on the subject is not at all what they imagined it to be.

It is possible to find out the will of the people even without a General Election. Under the existing system, if the Upper House thinks the Government of the day has misinterpreted the will of the people they can delay legislation for two years. There is a great deal to be said for that arrangement. In two years, with the power of the Press and with the power of public meetings, it is possible to gauge public opinion, and the Government would be in a strong position at the end of those two years if they were still satisfied that they had sufficient strength of public opinion behind them to go on with their proposals. But if, on the other hand, the House of Lords were in a position that when they thought the proposal made was not in accordance with the will of the people, they could dissolve Parliament and put the question to the country, that question would never reach the people at all, because it would not be that question on which the General Election would take place. It would be a question whether the will of the House of Commons or the House of Lords was to prevail. What the result of that question

would be—the democracy against the hereditary principle—I have very little doubt.

At present the House of Lords works well, but once you get the hereditary principle up against the will of the democracy, there can be no two opinions as to which will prevail. The hereditary principle as it exists to-day is not interfering with the will of the democracy, even as it exists in the House of Lords. For that reason, the House of Lords is popular, and will remain popular. It might remain popular and continue to work under a Socialist Government. We had the other day in the House of Lords from one of those who speak for the Socialist party, and who held office during their period of power, a great tribute paid to the House of Lords. He said their work at that time would have been impossible if it had not been for the courtesy and for the policy and for the statesmanship pursued by members of the Upper House. That same policy may be pursued on another occasion. If it did not, then it would be for those in power at the time to find out a way in which they could escape from the difficulty.

But it must not be supposed that the House of Lords is ever going to prevent a revolution. It is not to be supposed that the hereditary principle can ever win against the democratic principle. The democratic principle is what we are all pledged to in this country. It may fail. It has failed in many other countries, and it may fail here. I believe it is likely to succeed owing to the long political education and the sound political sense of the British people, but, at any rate, it is the duty of those who pay lip service to democracy on every platform to try to the last moment to make a success of it. If it fails we must look elsewhere for our salvation, but, meanwhile, let us use our utmost endeavours to make a success of democracy. You will not stop revolution by a veto. A veto has never stopped revolution in the past, but it has sometimes caused a revolution—and it may cause one in the future. There is only one way of preventing revolution, and that is by removing the causes of discontent. There is only one way of preventing a powerful political minority from eventually being returned to office and doing

[Mr. Duff Cooper.]

all they wish to do, and that is by defeating them at the polls. I can assure this Government that if when we next go to the polls we have to defend the principle of an hereditary legislature, the principle and the permanence of the hereditary Chamber, then the fight will be a hard one and the prospects and hopes of victory will be faint and few.

Lieut. - Commander KENWORTHY:

The Prime Minister spoke of the labours of Sisyphus. I understand those labours were imposed on Sisyphus for crime. I would remind him—I am sorry he has gone out of the Chamber—but there was another criminal who was punished. That was Tantalus. Every time the cup was taken to his lips, it was dashed away and then, I believe, a bunch of grapes was lowered to his thirsty tongue, and it was raised just as he was about to seize the grapes. The Prime Minister might have thought of those unfortunate Tantalus in this affair. There is the Earl of Birkenhead. Every time the prospect of a seat again in the House of Commons is held out to him, it is dashed away from him by his own colleagues on the benches opposite. He might think of the example of the Noble Lord, the Member for South Battersea (Viscount Curzon) and even myself, who one day may, absolutely against our will, be transferred to the other place. He might have seen our personal distress. I, also, in addition to that, must register a little personal and political distress at the retreat of the Cabinet. I am sorry that the Conservative back benchers, all except the hon. and gallant Member for Oxford (Captain Bourne) and the little gang of last ditchers, have saved the Government from themselves. The Foreign Secretary has a story he tells sometimes, and it is worth repeating, of the Jew in Spain, who was condemned by the Inquisition to the stake. A vast crowd gathered. At the last moment a message was received to say that the Jew had recanted and the crowd cried out, "Stand fast, Moses." I wish I could say that to the Prime Minister, who is not in his place. I wish I could implore the Prime Minister to have the courage of his convictions and go on with the scheme announced by the Lord Chancellor, the Marquess of Salisbury and the

Secretary for India in the Upper House as the considered opinion of the Government.

To make the retreat and the scandal the greater, may I remind the House of the attitude of the Chancellor of the Exchequer? When first this matter was raised from this side of the House, and we asked for time in which to discuss this affair, "Oh," said the Chancellor of the Exchequer, "we cannot find time. Our programme is full. We have other matters of importance to discuss. Of course, if the Opposition were to put down a Motion of Censure, then, naturally, the Government would give an opportunity for that Motion to be debated." I took it upon myself to press the matter a little further, and he said, "Oh, well, of course, next Session our considered scheme will be brought forward, and then there will be ample opportunity for hon. Gentlemen opposite to examine the details." That is the position in which the Government find themselves at the present time. The faith of the Chancellor of the Exchequer, who is puffed up with pride because of his artificial majority, is shown now to be a mistaken faith, even in the docility of hon. Gentlemen behind him. I apologise to private members of the Conservative party for the hasty jibe that I levelled at them. When the noble Viscountess, the Member for the Sutton Division of Plymouth (Viscountess Astor) ventured, as the angel on this occasion to rush in where fools feared to tread, and asked the Chancellor of the Exchequer whether there would not be a chance of speaking, she hinted that some of her colleagues and herself were satisfied, and I, all too soon, said they were too docile. They are not too docile, and they have thrown the Lord Chancellor, the Secretary for India and the Marquess of Salisbury to the wolves. If, in particular, the Secretary for India does not resign after this Debate to-day—I am sorry to say I have searched in another part of the House, and I do not see him listening to-day—his skin is five times thicker than I thought it was.

I particularly wish to add my small meed of praise to our new colleague the hon. Member for the Scottish Universities (Mr. Buchan) on his speech, and also I would like to congratulate those hon. Gentlemen opposite who cheered that speech, for that speech could not

have been made more damaging if it had been delivered from these benches. I think the hon. Member for the Scottish Universities has introduced into this Chamber an independence which hon. Gentlemen opposite still need in greater measure. All the speeches to-day, with the exception of the Prime Minister's, have been in condemnation of the Government scheme. I heard the speech of the right hon. Member for Wells (Sir R. Sanders). He said that it was not his scheme and he could not approve of it, and as I have mentioned the right hon. Gentleman, may I remind the House what is the real mind of the backwoods Tory Member of the House of Commons. It is contained in an interjection of the right hon. Gentleman the Member for Wells on 15th February, when this matter was last debated. My right hon. Friend the Leader of the Opposition was accusing the Government of wanting more power to protect the country, and the right hon. Gentleman the Member for Wells interjected this remark:

“To protect the country against you!”

That means, from the elected Members of the Labour party when they are returned to power. That is the real mind of the Conservative backwoodsmen. If the hon. Member for Oldham (Mr. Duff Cooper) believes what he has been saying he should join the Labour party. The Prime Minister made a feeble attempt to defend the hereditary system. He said that the House of Lords was linked with the Great Council of State. I have not looked up the facts concerning the Great Council of State, but I am quite sure that it was not hereditary in the sense of the present House of Lords. It comprised many of the great feudal owners of land. It may have been true that they were inheritors of land, but that is not the sense in which Noble Lords sit in the House of Lords to-day. There are many of them, scores of them, who do not own a rood of land to-day, and I think the analogy of the Prime Minister a very false analogy indeed. Do hon. Members opposite realise, going back only to the Battle of Cressy, no, I think it is the Battle of Poitiers, that of the English Nobility who rode as Knights and the English chivalry who fought there not one descendant of one of the Knights is in the Upper Chamber to-day. So much

for the great traditions and the wonderful historical connections of the Upper Chamber.

Sir C. OMAN: They did not ride at Poitiers; they fought on foot.

Lieut. - Commander KENWORTHY: They may have fought on foot, that is not the point. At any rate, they rode to the battle even if they did not fight on horseback. The hon. Member for Oxford has not intervened in this Debate so far, but if he speaks I believe he will be the only Member who will support the Government proposals. That is the position to which the present Government finds itself reduced after three years of office. I should have thought the best thing they could do is to resign, but hon. Gentlemen opposite will cling like limpets to office for the last time. Rather than reform the House of Lords I wish the Chief Whip would direct the attention of the Cabinet to the need of a reform of this Chamber. When a representative Government is at last returned to power the trouble will be to get the necessary legislation through this House under the present conditions. I resist the temptation to enlarge on this topic but I think we shall have to find some method of reforming the machinery of legislation in this House or the people may demand many radical alterations in the representative system. I am in favour of devolution and also strongly in favour of the Committee system. I believe there is no other way of restoring the control of the House of Commons over finance. However, that is a large question and one which I hope we shall have an opportunity of debating very soon.

The trouble is this, and we might as well face the real fact of the situation. The real trouble is that a Conservative Government cannot bring forward a scheme which will be acceptable to Parliament and the country and at the same time be acceptable to the House of Lords. The House of Lords has one great privilege; social prestige, and if the Lords themselves are prepared to surrender it their wives and daughters are not. What are they saying of the present proposals? They are saying that if they give up the hereditary position then they are no better off than a baronet. It is a question of social prestige. You have this vested interest of social position and

[Lieut.-Commander Kenworthy.]

prestige, and no Conservative Government will ever make its will felt against the House of Lords. The only people who really can deal with this problem is a Labour Government, because we are not so closely bound up with the hereditary social prestige of the House of Lords. That is the real fact of the matter. The Government had much better have left the matter alone, although for political and personal reasons I am sorry they are abandoning their proposal. I congratulate the backbenchers opposite on having more sense than their leaders, but at the same time I am sorry their leaders have been forced to bow to the storm. I would rather it had come from the country than from the backbenchers of the Conservative party, but when a Labour Government is returned I hope we shall deal with this matter in a sane and sensible way.

Captain BOURNE: The hon. and gallant Member for Hull (Lieut.-Commander Kenworthy) has said that I should be one of the few who would support the Government in this Debate. That, as he knows, is because I have had the luck to catch Mr. Speaker's eye. There are 103 Members who would have supported my Amendment, congratulating the Government on submitting their tentative proposals, although only the right hon. Member for Wells (Sir R. Sanders) and myself have had so far the luck to be called. But that does not mean that the supporters of the Government are limited to the right hon. Gentleman and myself. I am sure the whole House will sympathise thoroughly with the hon. and gallant Member because he knows that his fate one day will be to disappear into the gilded Chamber, where I feel certain he will not feel so much at home as in this House. Possibly his colleagues may be prepared to regard this prospect with equanimity, but I am sure that we can all sympathise with the feelings of the hon. and gallant Member. I regret very much that members of my own party have spoken on this occasion against the Government. I feel that they must regret still more that they have given the hon. and gallant Member an opportunity to offer his congratulations. We

have had a very interesting Debate, in which a great many points of view have been put forward, but it seems to me that many of the arguments against the proposals put forward on behalf of the Government have been based on the assumption that they propose to repeal the Parliament Act and thereby restore to another place the power of accepting or rejecting Measures. For one thing, I am supporting the Government on this question because they are not proposing to put up another House with equal powers to the House of Commons, and thereby to insure the deadlock which must inevitably follow. Deadlocks we have had before in the history of our country, and they have generally been solved only by the personal intervention of the Sovereign himself. We do not want to get back to that state. I have listened with interest to the arguments which have been advanced not only by hon. Members but by right hon. Gentlemen opposite. One would imagine that they were convinced that the Government proposed to give back to the House of Lords the power to delay Measures *ad infinitum*. They do not say that the reformed House of Lords is to possess precisely the same power which it has at present, with the one exception that a Measure which is to effect an alteration in the constitution of the Second Chamber can only become law after a General Election has taken place and that Measure has received the approval of the country.

It is quite obvious that many hon. Members opposite do not believe in the necessity for a Second Chamber. For myself, I think there is probably no country in the world where a Second Chamber is more needed. I will give only one reason for the moment, and that is that we are almost the only country in the world in which legislation is passed through Parliament in the form in which it ultimately becomes a Statute of the Realm. Most countries legislate in broad principles and leave the strict language which will be interpreted by the Courts to be issued by experts belonging to the different Departments. Here, thank goodness! our principle is different. We legislate in this House and in another place, and where you adopt that system it is far more important to have a

Second Chamber and to be as certain as you can that the legislation is word perfect when it receives the Royal Assent, because nothing is more disturbing than the fact that, if some loose phrase is agreed to in this place—as the Prime Minister has said, we frequently legislate in a great hurry—the promise of a Minister is assumed to mean one thing and the Courts eventually decide that he means something different. That is one reason why we require a Second Chamber.

I do not believe that any Second Chamber which we can devise can possibly do more than delay and revise legislation, and delay matters in regard to which public opinion is not very definite. I agree with the hon. and gallant Member for the Scottish Universities (Sir J. Buchan), and many other hon. Members who have spoken, that no paper Constitution can possibly stay a revolution if the country has set its mind to it. From that point of view a Second Chamber or a paper Constitution or anything else is utterly useless. But what a Second Chamber can do is to make the country think, "Do we really want this?" It can make certain that Measures are understood, discussed and reconsidered by the country before they are finally assented to. When a Second Chamber has the respect of the nation it can make the country think very seriously about any Measure which it rejects. I will give only one instance. In 1906 the then Liberal Government brought in, with a great flourish of trumpets, a certain Education Bill. It was rejected by the House of Lords. I was then beginning to take an interest in politics, and my recollection is that once that Measure was rejected there was no further demand for it in the country. That is a function that a Second Chamber can perform.

I think the proposals of the Government go some way towards producing a Second Chamber that will command more respect and even greater authority than the present House. To my mind, the greatest weakness of the present House has always been the small number of Members who habitually attend. I cannot see why it could not be strengthened if its Members were elected by their Order. Nor do I see how it is

possible to get rid of a certain number, possibly a large number, of nominated Members. For one thing, any Government must have the power to choose whom it wishes to conduct and lead the other Chamber. That is a necessity. Unless it has that power of nomination I cannot see how it is going necessarily to have that power. I wish, and wish very much, that the Government had proposed that certain hereditary peers who have rendered great and distinguished service to the country, who have served in the Cabinet or have been Dominion or Colonial Governors, should be *ex-officio* Members of the other House. There is much to be said for such a proposal. It would at any rate ensure that nearly all the Noble Lords who represent the party opposite, and no small portion of those who represent the Liberals would be there to carry on the traditions of both parties. I do not want another House composed entirely of Members of my own party. I do not think it would be effective or command the respect of the country, nor do I think it would carry on the business as efficiently as the existing Chamber does now. But I do see a good deal to be said for cutting down numbers and for nominating people who are distinguished in other branches of life, and who, if they in their considered opinion rejected a Measure, would command the respect of the country.

Another point on which a great deal of argument has taken place is the question of the certification by Mr. Speaker of Money Bills. It has seemed to me that many of the hon. Members who have

talked on this question have
9.0 p.m. had a very limited idea as to what a Money Bill is and as to what is the exact effect of these proposals. The hon. Member for West Leicester (Mr. Pethick-Lawrence) reminded the House that since the passing of the Parliament Act no fewer than seven Finance Acts have not been certified by Mr. Speaker. As a matter of fact I believe the only two Bills, in the course of a Session, which are bound to be certified, are the Appropriation Act and the Consolidated Fund Act, and that no other Measure which is produced is of necessity a Money Bill. I have never regarded the certification by Mr. Speaker or the fact that the House of Lords can

[Captain Bourne.]

not amend or reject a Money Bill as being any particular derogation of the prerogatives of that House. For one thing, I do not believe it is possible to tack on to a Money Bill at any rate some of the terms of a Measure which would seriously alter anything in this country.

My reason for welcoming some such Committee as has been suggested in this proposal is quite a different one. I have never doubted that any Speaker who has been elected or who is likely to be elected to the Chair of this House, will attempt to carry out honestly and to the best of his ability the very difficult duty which is placed upon him of deciding whether a Bill is a Money Bill or not. The real trouble is going to arise when you have, as we have had for the best part of a century, a Speaker belonging to one political party and a Government dominated by another political party. Occasions will come when political feeling will run high, as it did over the Budget of 1909, which the then Speaker, Lord Ullswater, has since recorded in his Memoirs, he could not certify as a Money Bill. The trouble will arise when some Speaker refuses to certify some such Measure. That is a very real danger. My reason for hoping that some form of additional authority will be given to the Speaker is, not that I fear that any Speaker will misuse his power, but that sooner or later you are going to have the Chair dragged into the vortex of party politics, and that will be a loss of prestige not only to the Chair but to this House. Whether it would be wise for their lordships to be joined in such a Committee or whether the representation should be limited to the Law Lords, exclusive of the Lord Chancellor, I do not know. I put it forward as a suggestion. At least it would ensure that the representatives of another place would look at a matter judicially, and, I believe, impartially.

Finally, I would like to remind hon. Members who have spoken against these proposals that if one thing is more certain than another, it is that you cannot put up another Chamber in this country which is going to claim the right of being equal or superior to this Chamber. I do not believe the proposals of the Government would set up any such Chamber. If we were discussing the establishment of a Second Chamber in a new country

which had no constitution, then we might consider an elective Chamber or a nominated Chamber or one partly elective and partly nominative. But we have to remember that here we are dealing with an old Constitution, and with old traditions. As the Prime Minister reminded us, we are dealing with a House whose traditions go back for many more centuries than our own traditions. I believe it is only by combining the hereditary element with some degree of nomination and thereby carrying on without a break the continuity of tradition that we can get a Second Chamber which will efficiently fulfil its functions.

Sir JOHN SIMON: To those of us whose Parliamentary memories go back to the days of 1906 the Debate of to-day wears a most astonishing aspect. The matter which we are asked to discuss is admittedly one of the greatest constitutional importance, and yet I make bold to say that now, as we approach the last hours of the Debate, nobody in this House knows where the Government stand as regards these proposals. Do the Government mean to introduce a Bill or have they raised all this pother merely for the satisfaction of gathering criticism and getting ventilation—and what is it all about? In the House of Lords the most specific assurances were given, not only that the Government intended to legislate, but that they felt it an obligation of honour to introduce and carry through their legislation before the end of this Parliament. Here, in the House of Commons, we have never even had a White Paper providing us with a statement of the Government proposals. The whole thing is left completely in the air; and if it is ventilation which the Prime Minister desires, he has had plenty of it to-day from his own side of the House, not omitting a very shrewd gust from the North from the hon. Member for Scottish Universities (Mr. Buchan).

I desire to make two points, and two points only, though I am not so fortunate as to have the Government spokesman present on the Treasury Bench. Possibly the right hon. Gentleman who is to follow me intends to make the same points, and I am sure he will be more fortunate in securing the attendance of the right hon. Gentleman who is to wind up on behalf of the Government. My first point is regarding the proposal about Money

Bills. I should like to ask the Chancellor of the Exchequer—and if I may I will do so indirectly through the late Chancellor of the Exchequer—what is the meaning of the Government stating in the House of Lords, as Lord Birkenhead did, that there were notorious and almost admitted instances in which Mr. Speaker had failed properly to exercise his discretion and judgement as to what is a Money Bill. I am much obliged to the Chancellor of the Exchequer for coming in. I was just saying that in the House of Lords the Government spokesman asserted that it was indubitably true that indisputably wrong decisions had been given by Mr. Speaker from time to time as to what is and is not a Money Bill. I think the House of Commons is entitled to know to what instances the noble Lord referred. The words of the Secretary of State for India were:

“It is unquestionably true that over and over again indisputably wrong decisions have been reached as to what is and what is not a Money Bill—decisions inconsistent with one another.”

Perhaps the Chancellor of the Exchequer will be good enough to tell the House what it is entitled to know, namely, to what instances the Secretary of State for India was referring when he used those words. The only instance which was offered by way of particulars in the House of Lords was an instance which is to be laid to the charge of the Lord Chancellor. We are told that these things have been considered for more than a year, but it is astonishing, in view of that fact, how much in fault the Lord Chancellor was when he said that a War Charges Validity Bill on one occasion had been certified as a Money Bill, and on another occasion a similar Bill had been certified as not being a Money Bill. Any one who looked inside the two Bills could have ascertained—any inquiry would have ascertained—that the two Bills, though they had the same name, had different contexts, and that there was nothing whatever inconsistent in the action of Mr. Speaker in certifying the one and not the other. That was the only instance, and the Lord Chancellor in very ample terms withdrew it. What other instances are there? What case is there known to anybody since the Parliament Act where a Money Bill has been improperly dealt with by Mr. Speaker? The truth of the matter is, as the Chan-

cellor of the Exchequer knows, that since the Parliament Act on no less than seven occasions, the Finance Bill of the year has been refused a certificate by Mr. Speaker, because of the precision with which he examines every Clause. I think the last instance was in 1922.

I am quite unaware of the ground upon which it is sought to contend that, on the basis of past experience, we are called upon to amend the Parliament Act in this particular. The only other point which I wish to make I can best put by asking the House to consider what will happen if indeed it is still the intention of the Government to embody these proposals in a Bill and to carry them through both Houses before the next General Election. Suppose the Government introduce such a Bill, carry it by their majority, and send it to the House of Lords. It is instructive to observe that every human being assumes beyond question that the House of Lords will at once pass such a Bill. If, indeed, they were the guardians of the public against legislation which was not before the country at the previous General Election, they might be supposed to reject such a Bill. But everybody assumes that if the present Government send such a Bill to the House of Lords, the House of Lords will pass it at once. I ask hon. Members to consider what will happen then. You will have on the Statute Book a Statute which secures the House of Lords against reduction of its powers or changes of its constitution except with its own consent. Suppose there is then a General Election in which there is returned to this House a great majority of Members who have given explicit pledges and assurances that they will carry through the House of Commons a Bill to repeal that Statute—and if you go on like this, you will very likely get such a majority in the next House of Commons.

That majority will come here, and the first duty of that House of Commons will be to pass a Measure to repeal what it is now proposed to enact. What happens to the repealing Bill? You will then have made the House of Lords a body newly created, newly furnished, newly buttressed and founded, and it is quite obvious that the House of Lords will be under the strongest possible temptation to refuse to pass the repealing Bill. Then we must suppose that in a second

[Sir J. Simon.]

Session the same majority in the House of Commons will pass the Bill a second time, and that the House of Lords will reject it a second time. Let us suppose that for the third time, within two years from the beginning of the new Parliament, the majority in the House of Commons passes a Bill to repeal the Measure which you now contemplate. In that instance, would the thrice repeated passing of that Bill of repeal through this House be effective to repeal or ineffective to repeal the previous law? It seems to me quite plain from the proposals of the Government that they intend to entrench the House of Lords in the next Parliament in this position—that even if a majority were immediately returned which three times over was to pass a repealing Bill, none the less the House of Lords would be master of the situation and could quite easily—[An Hon. MEMBER: “No!”] An hon. and learned Member below the Gangway is good enough to give me private information. He says “No.” Then I should be very glad to know from the Chancellor of the Exchequer if it is not the result of the proposals which he now puts forward that, supposing there is a majority in the next Parliament to repeal the legislation he proposes to pass in this Parliament, it will be within the power of the House of Lords to prevent that repeal being made effective for as long as ever it chooses.

If it is not so, then you have not entrenched the House of Lords, but I say that it is the inevitable result of the proposals of the Government. Does any human being suppose that you are going to promote the stability and the peaceful progress of our own democratic institutions if you pass, in this Parliament, legislation of such a sort that it cannot be repealed and cannot be amended by legislation in the next Parliament, whatever be the circumstances under which that next Parliament is elected, unless the House of Lords itself is pleased to consent? It seems to me that that simple test brings the thing down to a not improbable future. It is quite sufficient to show, either that this scheme has never been thought out at all, but that it is as slipshod and as vague in conception as

ment, or else that you are putting the House of Lords in your scheme in a position where it is not necessary to recommend it to damn the consequences, because there are no conceivable consequences which it will ever be under the necessity to damn.

There is a further consideration which very much surprises me when I am told that these distinguished and accomplished Gentlemen in the Government have been considering the matter with so much care for so long. I confess I thought the consideration was a very elementary one to those who have studied the question of the framing of Constitutions in any comparative sense. You may have, as we have had in this country, what is called a flexible Constitution, under which the law by which you change the composition or the powers of this House or that may be passed by the same ordinary normal machinery by which you pass any other Statute—and that is our system—or, again, you may have a system such as obtains in many Continental countries, where you think it wise to pick out certain important leading principles in your Constitution and say that those principles are sacrosanct and that they cannot be interfered with by ordinary process of legislation; but I never heard of a Constitution which adopts that second alternative that does not contain within itself some special arrangement by which the rigid and fixed Constitution that you have removed from the interference of ordinary law can be constitutionally altered.

Take the French Constitution of 1871. It is impossible, of course, for the ordinary Parliament of France to change that Constitution—I rather think they could not introduce proportional representation—but that does not mean to say that the framers of the rigid Constitution of France have to face a revolution as the only way of amending it. On the contrary, they have in their Constitution a special provision by which they can call together a National Assembly, to sit at Versailles or Paris, where, if you get sufficient majorities, you may change this very rigid Constitution which you have preserved from the influences of ordinary law. Take the still better known case of the United States of America. Everybody knows that Prohibition could not be in-

a change in the Constitution of the United States. That change could not be brought about by the ordinary legislation of Congress or the Senate; it required the bringing into operation of the special machinery which the Fathers of the American Constitution were careful to provide, by which you could change the Constitution whose rigidity was otherwise secured.

But here are these distinguished persons on the Government bench, and they have, for the first time in history, adopted the plan of fixing rigidly the Constitution and powers of one portion of our Legislature. They do not intend that they shall be capable of alteration or amendment or reversal by ordinary Statutory provision, and they have made no other provision by which they can be altered. Nobody who ever had thought this thing really out could possibly have supposed that it would be left in that position, and the only possible answer which could be made by the Government in this matter, I conceive, would be this: They would say, "If you were to have an election which returned to this House a very large majority, pledged and bound to secure a change or a reversal in our scheme, then you might be quite sure that the House of Lords would put no obstacle in the way of passing the necessary amending Act. I can only say that, like the Chancellor of the Exchequer, I remember, and had some small experience of, the days between 1906 and 1907.

The fact of the matter is—it can be put in a simple sentence—that there are very few Members now present who were in the House in those days, but between the years 1906 and 1910 there was no single Measure that was carried through this House by the great majority then to be found here against which the remnants of the Conservative party chose to vote on Third Reading which ever reached the Statute Book at all on any subject whatever. Education, temperance, plural voting—what has the House of Lords to do with that?—Scottish land valuation, a whole series of Measures was passed through this House, supported by great majorities here—I am not now concerned with the question whether they were wise or unwise Measures—and if you could say of any one of them, whatever its subject, that the remnant of the Conservative Opposition voted against it on

Third Reading, in every single case it was rejected or mutilated and prevented from reaching the Statute Book by the House of Lords. What is the good of telling me that, if we once fix this element rigidly in the Constitution and give it a guarantee that it cannot be changed, assure it that, however it behaves, it will be perfectly safe—what is the good of telling people with that experience in mind that in the end a General Election will secure, as a matter of fact, that any necessary Amendments can be made?

I do not desire to keep the House—I know others are going to speak—but I have ventured to make that point because it does not seem to me at present that the explanations offered by the Government, either in the House of Lords or in this House, have met the situation at all, and I repeat that I want to know whether, if this proposed legislation is passed in this Parliament, a General Election which puts a majority in this House that desires to repeal this proposed legislation will be a General Election which will enable that repeal to be effected, and, if so, how? I can see no method by which that result could be secured except the acquiescence of the House of Lords, which, in the case supposed, has just been assured by the Conservative party that it is so highly valuable that it is to run no risk even if it goes on rejecting legislation from this House till the crack of doom.

It is amazing to some of us that any body of public opinion in this country, and most of all a Conservative body of opinion, should have thought that legislation of this sort was really going to increase the security of this country against revolution. I cannot imagine how it is supposed that the ordinary voters of this country are going to rest content with a method which, as the example I have given shows, necessarily leaves the House of Lords in the position of having the last word. It would put the House of Lords in our Constitution in exactly the same position in which the Sovereign himself stood until the Sovereign became a constitutional monarch, giving his assent to laws on the advice of the Government of the Day. The old Royal Veto was nothing more than an irresponsible interference with the will of the House of Commons and, as such, it had to go. Here you have these students of constitutional law and

[Sir J. Simon.]

history—these persons who maintain the ancient ways and who claim that the ancient development of Conservatism in this country is a progressive force—actually proposing to put the House of Lords in exactly the same constitutional position in which the monarchy of this country was put long, long ago and which the monarch has long ago abandoned in order to adopt a position which he now holds to the satisfaction of us all.

Lastly, let me observe, there is surely a great confusion in all the talk about the respect for the hereditary principle. The hereditary principle, as illustrated in the Monarchy, has never, I am sure, had a more widespread and devoted support from the mass of the country than to-day, but why? Because everybody knows that the Royal Family discharge their very arduous and sometimes, I am sure, most trying duties without the smallest possible political partisanship. Can the Chancellor of the Exchequer, with his knowledge of the history of the House of Lords and with all the speeches he has made in the past, really put his hand on his heart and say that when he has effected these reforms he has turned the House of Lords into an impartial body? There is nothing whatever in history to make one think so, and the only reason why since the Parliament Act there has been hope that the Constitution would work reasonably smoothly is because there has always remained at the back of the Parliament Act the possibility of the Prerogative of the Sovereign, on the advice of the Government, to create more Peers, which was a very healthy corrective against extreme and foolish courses. I do not want to detain the House because other Members want to speak, but I venture to put these points, and I shall be grateful if the Chancellor of the Exchequer will deal with them when he replies.

Mr. SNOWDEN: The right hon. Gentleman who has just sat down asked the Chancellor of the Exchequer if he could put his hand on his heart and defend these proposals. I am quite sure that the Chancellor would do that without any difficulty whatever. I shall not intervene at any great length, because I want to give the House the earliest

possible opportunity of seeing and hearing the right hon. Gentleman perform that feat. The Prime Minister stated this afternoon that he hoped to derive from these Debates some information as to the opinions of members of his own party. I am quite sure the Prime Minister has had his wish fully gratified. It is only within the last half-hour that one word has been uttered from that side in support of these proposals, and, quite fittingly, it came from the representative of the City of Oxford (Captain Bourne), the home of lost causes.

The Prime Minister complained this afternoon about the nature and the form of our Motion, but he very carefully refrained from dealing with it, and, in the course of a speech of three-quarters of an hour, the only reference he made to its terms was to say that his refined literary taste had been offended by the use of the word "gerrymander." The right hon. Gentleman has a high literary reputation as a man of very wide learning and extensive reading, but it is quite evident, from the ignorance he exposed this afternoon, that the standard dictionaries have not been among his reading or he would have known that "gerrymander" is quite a classic word. He will find in the Century Dictionary, for instance, a definition which describes exactly what the Government propose to do, namely, to use their temporary political and party majority to alter the constitution of Government. The fact is we have no choice in adopting the form of a Vote of Censure. For, as has been pointed out already in the course of this Debate, we had no alternative. We asked for an opportunity for, shall I put it, a non-party and non-controversial discussion of these proposals. We wanted to give the House of Commons an opportunity of expressing its unfettered opinion and judgment on these proposals. That was declined, and we were told that if we wanted a discussion on these proposals we could have it only in the form of a Vote of Censure on the Government.

Coercion has evidently not been applied to this side of the House only, for the fact that the Amendments on the Paper have not been moved is evidence, I think, that coercion has been applied to the supporters of the Government sitting behind him. We have had a number of

speeches—very brilliant and very eloquent speeches—from the other side of the House strongly condemning these proposals, but those Members who have made those speeches had their names attached to Amendments on the Paper. Why, therefore, have they withdrawn? They may continue to express those views, but it is quite evident they are not prepared to carry the expression of their views into the Division Lobby against the Government.

The attitude they have taken up reminds me of a story told by the late Speaker of the House of Commons. A man lost his dog. Like some hon. Members opposite, it had gone astray. This was the advertisement he inserted: "Called Ben; answers reluctantly to 'Dash-you-come-here.'" That is exactly what hon. Members opposite do. The Prime Minister has determined the form of our Motion, and therefore it is little short of an impertinence on his part to make an appeal to us for help in the consideration of these proposals. More than once in his speech this afternoon he made such an appeal, but it is quite impossible, under the circumstances, for the House of Commons to express its views upon these proposals by means of a vote. What is going to happen is this, that the votes that go into the Division Lobby in support of the Government mean neither approval of nor dissent from these proposals, but are simply a vote of confidence of hon. Members in themselves. The right hon. Gentleman said that moving this Motion was like heaving half a brick at the Government. I can assure the right hon. Gentleman that it is not the last half brick that will be heaved at the Government on this subject.

The Prime Minister complained that we had put forward no constructive proposals. On an occasion like this it is not our business to put forward constructive proposals. Our immediate duty is to expose the character of the Government's proposals. When the time comes and the necessity arises for dealing with this question of the Second Chamber, we shall have our proposals; for the moment our duty is confined to dealing with the scheme which has been proposed by the Government. Never once this afternoon did the Prime Minister touch on the terms of our Motion. He spent the first 30 minutes of his speech in a dry, academic discourse

about the constitution of various Second Chambers. At the end of 30 minutes he said he would come to the issue. The next 20 minutes he spent in giving an account of the various schemes which had been considered by previous Governments, the Bryce scheme and the scheme of the Coalition Government. We are not in the least concerned about the Bryce Report or about the scheme of the Coalition Government. We have no responsibility for either. We are concerned now with the scheme of the Government. The last part of the Prime Minister's speech said that he was trying to ascertain the opinion of the country. There is a way in which the Prime Minister can find the opinion of the country, a way in which he would have our hearty co-operation; it is the constitutional way of a General Election.

It is not clear at all, as the right hon. Gentleman the Member for Spen Valley (Sir J. Simon) said, whether the Government intend to persist with these proposals. It may be that the Chancellor of the Exchequer will be able to throw some light upon our difficulty. But whether they proceed with these proposals or not, the fact that they have put them forward is a clear indication of the mind of the Government. Why have these proposals been put forward? No one who read the debates which took place across the corridor can be in any doubt at all as to the reason why this issue has been raised at this time. There was not one speech in those debates which did not say that another Labour Government was a likelihood in the near future, and that therefore the present occasion must be used in order to strengthen the Second Chamber as a bulwark against legislation which might be introduced by a Labour Government. I think I should not be in order in referring to specific declarations made by particular Peers. A rather notorious Peer was quite frank about the matter, and said there must be a bulwark in the House of Lords against nationalisation proposals which might be brought forward by a Labour Government. Indeed, he said the House of Lords must be so strengthened that it would be the last line of defence against tyranny and chaos. The House of Lords has always been the defence of privilege and oppression. The House

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of Lords has always been the opponent of the extension of democratic rights and democratic privileges.

An hon. Member who spoke from this side a few minutes ago said that even if the Members of the House of Lords themselves were not very particular about maintaining their hereditary legislative rights and privileges, they would oppose any radical change in the constitution of the House of Lords under the influence of their wives and daughters. That was a scheme actually put forward in the course of the Peers' debate. One noble Peer said it was their duty, on behalf of their ladies, to see that there was no radical change. The Prime Minister said this afternoon that it was neither the intention nor the purpose of these proposals to strengthen the power of the House of Lords. Are we to assume, then, that the Government are not united upon this question? A speech was delivered a day or two ago by a Member of the Cabinet, the Home Secretary, who, a little time ago, told this House that he was like a parrot; that he did not do much talking but he did a lot of thinking. If the Home Secretary did a little less talking and a little more thinking, he might be less of an embarrassment to his colleagues in the Government. The Prime Minister told us that these proposals were not intended to strengthen the House of Lords. What did the Home Secretary say a day or two ago:

"We are accused of trying to make the House of Lords stronger than it is to-day. That is our policy, and we have suggested these proposals for that very purpose."

What is the scheme? It makes a pretence of accepting the Parliament Act. The two years' delay is intolerable, and I can imagine that it would be used very effectively by the House of Lords, with its existing powers, to hamper a Labour Government and make its harvest of legislation very meagre indeed. The worst feature of this scheme is one to which constant references have been made to-day, and that is the alteration of the Parliament Act in regard to Money Bills. That is a power for which the House of Lords are anxious. I am not very much concerned about the other powers of the House of Lords, provided the absolute authority of the House of Commons over money matters and other

finance can be retained. If the House of Lords gets control of the purse, if they are able to reject a Money Bill, then they will have the power to destroy a Government. They can render ineffective all the other work of a Government.

The Prime Minister this afternoon said that there might be hidden in a Finance Bill proposals of an industrial economic and social character which would have far-reaching consequences. The desire of the House of Lords and the desire of the Tory party is to give the House of Lords control over Money Bills to give them the power to prevent legislation of a social character being carried into effect. That, undoubtedly, is the real purpose of these proposals. They are not only asking for these powers over national finance, but they are asking for the absolute right to interfere in regard to local rates. The question of local and national finance is now so inextricably mixed up that if the House of Lords had the right to interfere with proposals regarding local taxation, it would be impossible for a Labour or a progressive Government to carry out any real scheme for the reform of local taxation, and especially any scheme which proposed to appropriate for public purposes any part of the increment value on land.

I said a moment ago that if the House of Lords got this power they would have power to destroy a Government. They could throw out the first Budget of a Labour Government, and to throw out a Budget means the defeat of the Government. Therefore, there would be no further opportunity under the Parliament Act to carry those proposals into effect. The historic privileges of the House of Commons are threatened by these proposals. The Lord Chancellor said, and the Prime Minister almost in identical words repeated the statement this afternoon, that the Committee which it is proposed to set up to consider Bills, should have regard not only to the form but the substance and effect of the Measure, and a Committee composed as such a Committee will be of a majority of Peers and of Conservative Members of the House of Commons, would always be able to read into a Finance Bill that it contained something which had far-reaching industrial, economic and social consequences. Suppose that we were to propose a drastic addition to the Death

Duties. Far-reaching consequences of an industrial, economic and especially social character would be involved in that, and, clearly, under these proposals that Committee would have the right to reject such a proposal.

The right hon. Gentleman spoke about the need for continuity in our institutions. Under this scheme, there would be something like 350 members of the House of Lords and an overwhelming majority of them would be hereditary Peers. The Lord Chancellor in outlining the scheme made that point quite clear. There would be, he said, a number but not a substantial number of nominated persons. The Prime Minister tried to justify his proposals this afternoon on the ground that they were to a considerable extent carrying out the recommendations of the Bryce Committee. I am not approving the recommendations of the Bryce Committee, but I would mention this fact, which disposes of that contention of the Prime Minister, that the Bryce Committee recommended that the House of Lords should consist of 246 persons, and that at first there should be only 81 Peers, to be reduced to 30. If the right hon. Gentleman is so anxious to maintain historic and feudal continuity, why did he not accept this recommendation of the Bryce Committee, for he would have got in those recommendations some relic of the prehistoric state of things? There are other points of view which we take in this connection. First of all, there is the point with which the right hon. and learned Member for Spen Valley (Sir J. Simon) dealt at great length. I agree with him that if any sensible construction can be placed upon the statement made in the House of Lords, it follows conclusively and clearly that it will be impossible, if this scheme be carried, to reform the House of Lords except with the consent of the House of Lords itself. He asked the Chancellor of the Exchequer to reply to that, and I understood the Chancellor of the Exchequer to say he did not agree with the point of view of the hon. and learned Member, so it would be interesting to have the Chancellor's point of view.

In these proposals there is a sort of democratic or small nominee element. When a Tory Government are in power a number of nominations will be made to the Second Chamber by that Tory

Government, a small number of nominees to give it a democratic flavour. Yes, a dozen Labour members nominated by the Tory Government will give as much democratic flavour to that institution as a pinch of salt would give to a cartload of muck. May I say to hon. Members who have so soundly condemned these proposals this afternoon, but who have Amendments on the Paper, that these Amendments are not at all consistent with the speeches they have made, because in those speeches they have favoured an alteration with regard to the Speaker's Veto in certifying what is a Money Bill or what is not. Therefore, I take it they would be in favour of a scheme of the Government setting up a Committee to deal with that point. If they are in favour of that, they stultify everything they have said about the rest of the proposals of the Government. The Prime Minister dealt with another point this afternoon, that is, as to whether the Government have any mandate for carrying these proposals into effect. The Prime Minister quoted a speech he himself made just on the eve of the last General Election, but may I remind him that there was no reference to this important matter either in his Election Address or in the official election manifesto of the party to which he belongs, and I am sure the Prime Minister is too honest a man to maintain that votes cast for his party were cast in favour of these proposals. The Prime Minister's honesty always reminds me of Bunyan's definition of Mr. Honest. "Mr. Honest said he came from the town called Stupidity, beyond which lies the city of Destruction." I am quite sure the Prime Minister is too honest to maintain that votes were cast for his party on a statement in one sentence in his speech on the eve of the General Election, which could not have been read by the general body of the electors, or that a single vote was passed at the General Election on the statement of the Prime Minister that the Unionist party might consider this question. But we have evidence much more substantial and much more conclusive that the Government have no mandate. The Prime Minister this afternoon stated that he had given

10.0 p.m. pledges in a party caucus to deal with this question. Does the Prime Minister or the party opposite maintain that if it could be proved that

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the opinion of the country is opposed to those proposals, they have a right to carry them into effect? What is the evidence which we have had, even granting that the Prime Minister's speech at Perth was read by the public and was approved at the party caucus, that they never got a majority for them? Ever since that time the support that they received at the General Election has been declining. At the last General Election, for every 115 votes polled by the Opposition party, 100 were cast in favour of the Conservative party. This year for every 100 votes polled by the Conservative party, 230 have been cast against them, and that effectively disposes of any contention that the Government ever had a mandate to deal with this matter. The Prime Minister said they had a mandate under the Parliament Act. He said their proposals were to implement the declarations of the Preamble of the Parliament Act, but they are no such thing. The Parliament Act in its Preamble states that this question will be dealt with by constituting a Second Chamber upon a system of popular election.

"Whereas it is intended to substitute for the present House of Lords as it at present exists a Second Chamber constituted on a popular instead of a hereditary basis."

Are the proposals of the Government then implementing Mr. Asquith's proposals? Are these proposals constituting a Second Chamber on a popular basis—proposals under which the hereditary system is still to be overwhelmingly entrenched? The Preamble of the Parliament Act says that when this question was dealt with it would be by limiting the powers of the House of Lords, and not by permanently entrenching and strengthening them as in this Bill. Now when statements were made in another place, those proposals were defended by spokesmen of the Government on the ground that they were intended to protect the people from ill-considered legislation and to ensure that any legislation carried through Parliament would reflect the considered judgment of the country. If that is so, what right have the Government to press these proposals forward in this Parliament when by all the evidence available they are not the considered judgment of the country, and judging by nine-tenths of the speeches made from that side of the House this afternoon

the Government have not got the support of any considerable proportion even of their own followers.

One of the spokesmen for the Government there said that there is a danger looming up in our political life, the growth of the caucus, and it is most pronounced, he said, in the Labour party. He said that there were Ministers of that party who judged not a question upon its merits, but took their instructions from a party caucus, and the House of Lords must protect the country against such things. Yet the Prime Minister this afternoon attempted to justify these proposals on the ground that he had given a pledge to a party caucus. When the Trade Union Bill was under discussion in this House, it was defended, particularly the part dealing with the political levy, on the ground that it was demanded, not by the country but by the Tory party caucus. If it ought to be the aim of the House of Lords and the Government to protect the country against the rule of a party caucus, the Government have an opportunity of doing that in the Trade Union Bill. That Bill was defended on the ground that it was to prevent a Government being coerced by an outside body. This afternoon, we have the Prime Minister defending these proposals on the ground that the Government have been coerced into bringing them into operation by a party caucus and sections of their own party.

We have been criticised on the ground that we have put forward no constructive proposals. As I said, it is not our duty or our business to do so at this time. But we have had this request made by some Members on the other side of the House who opposed the Government scheme. I want to put this question. They say in their Amendment that no reform of the Second Chamber can be made except by general agreement. Upon what conditions can general agreement be obtained? Are hon. Members opposite, who are opposed to the Government scheme, to hold to the hereditary system? If so, no agreement is possible. Are they in favour of the elective principle? Are they in favour of a Chamber which should be a legislative or a revising Chamber? Above all else, are they in favour of retaining for the House of Commons its historic privileges in regard to the control of money? It is of no

use asking for agreement in this question; no agreement is possible. The gulf between us and all who believe in the right of hereditary government is far too wide to be bridged, and this question will have to be fought out.

I do not envy the task of the Prime Minister if he persists in attempting to carry it out. He likened his task this afternoon to the task of Sisyphus; but he tried to derive some satisfaction from the fact, as he stated that there was no record that Sisyphus ever came to injury. That may be so, but he had a very hard and a very troubled, and a very harassing time. I do not think that the Prime Minister, when he made that classic reference, was quite aware of the close parallel there was between the task of Sisyphus and the task which he has undertaken in putting these proposals. This, I find, is a description of what Sisyphus had to encounter:

"With many a weary step, and many a groan,
Up the high hill he heaves a huge, round stone.
The huge, round stone, resulting with a bound,
Thunders impetuous down and smokes along the ground.
Again the restless orb his task renews,
Dust mounts in clouds, and sweat descends in dews."

Well, we have not been able to find, in the Prime Minister's speech this afternoon, whether he intends to continue his task. If he does, I am quite sure that the dust will rise and the sweat will descend in dews. Now I want to repeat, and I ask the right hon. Gentleman the Chancellor of the Exchequer to answer, a question which was put by the right hon. Gentleman who preceded me. Do the Government intend to proceed with these proposals? The Earl of Birkenhead gave a very categorical answer to that question when it was put in the House of Lords. He said, "Most certainly we do, and in this Parliament." We want to hear from the right hon. Gentleman the Chancellor of the Exchequer whether the Government intend to implement the pledge of the Earl of Birkenhead. We shall listen to the speech of the right hon. Gentleman with interest, to hear what he has to say in reply to that question. The right hon. Gentleman the Chancellor of the Exchequer, as he came into the House this evening, brought

a despatch box with him, and it possibly contains the reports of the speeches that he delivered upon this question some years ago. I wonder whether he will repeat this? Speaking of the House of Lords, he said:

"A played out, anachronistic assembly, the survival of a feudal arrangement utterly passed out of its original meaning, a force long since passed away, it only now requires a smashing blow from the electors to finish it for ever."

If the Government persist in this scheme, then they will raise the whole question of the continued existence of the House of Lords, and, when that issue is placed before the country, I have no doubt what the verdict of the people will be. They will ask a question, and they will give an answer. They will ask the question, once put by the Chancellor of the Exchequer: "Who are these men that they should rule us? Who are they that their children should rule our children?" They will ask that question, and, as I have said, they will answer it. From the point of view of party advantage, I hope the Government will persist in these proposals. If they are mad, as Mr. Garvin assumes that they are, if they are utterly indifferent to the political and electoral interests of their own party, then they may proceed with them; but, if they do, one thing is absolutely certain, and that is that the party, at the next election, will receive, by the verdict of this country, a condemnation without parallel in the electoral experience of any political party in this country.

The CHANCELLOR of the EXCHEQUER (Mr. Churchill): It is a pity, I think, that the right hon. Gentleman should have disfigured his lengthy but well-considered constitutional oration by the use of such a disgusting metaphor as to compare the House of Lords to a cart of muck. [Interruption.] As one who has filled my responsible position, and who aspires, no doubt, to fill a still higher and more responsible position in this country, the right hon. Gentleman, one feels, is perhaps taking a lower view of the taste of his supporters than is actually justified by the facts. I must begin by reminding the House of what we are going to vote upon to-night. It is not upon the reform of the House of Lords, nor upon the relations between the two Houses, but only upon whether

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the Government have done wrong to allow their representatives in the House of Lords to take part in a discussion upon these topics. [Interruption.] To put it mildly, that is taking rather an extreme view. The question of the reform of the House of Lords may be inopportune; it may be undesirable; but it is certainly not indecent. We have often seen proposals to censure Governments for their action, or for their inaction, but this is the first time I remember any proposal to censure a Government for discussing a question—[Interruption.]—for adumbrating a policy, or for taking an opportunity of warning and guiding public opinion. There would be nothing censurable if we had actually introduced a Bill—

Mr. MacLAREN: Lord Birkenhead said you would.

Mr. CHURCHILL: There would be nothing censurable if we had actually introduced a Bill. It has often been done. One would have thought the people who are opposed to any reform of the Second Chamber would have praised the Government for opening the topic in this careful and non-committal manner. They ought to be grateful to us instead of coming blustering out with a Vote of Censure. Nothing is more proper in constitutional matters than to proceed by way of Resolution. It is the recognised procedure on such topics. Nothing can be more proper than to proceed by Resolution in the Chamber that is specially concerned. I think myself it is a great pity that we do not adopt this venerable procedure by Resolution more frequently in the busy House of Commons and use it to explore and illuminate very large questions, instead of allowing ourselves to be overpressed by detail and routine. Resolution is the proper procedure for opening these matters, and it was by this means that Sir Henry Campbell-Bannerman in 1906 or 1907 first introduced the topic of the Parliament Act to the House of Commons. It would be impossible to have selected a more constitutional procedure or one that was more fair to the Opposition or more helpful to the country in its examination of the subject. Moreover, as I have said, of course it is right that a matter of this kind should, first of all, be ventilated in the House of Lords. That

is the branch of the Legislature which is directly and immediately concerned with the question of its own reform. They also have a good deal more leisure to discuss these matters than we have here below, especially at this period of the Session. So, so far from being censured in these very gross terms, we ought to be praised by the right hon. Gentleman and those who sit behind him.

Let me inquire who are these people who seem to censure us for our procedure. Who are these guardians of the British Constitution who have rallied so eagerly to its defence, whose breasts are heaving with indignation that even a touch should be laid upon its sacred structure? Who are they? Would you believe me, Sir, they are the same gentlemen, the very same, the identical ones, who little more than a year ago were planning, organising, managing, or as I believe they now admit, mismanaging, the general strike. We have heard of Satan reproving sin—what this Resolution calls a constitutional outrage, unparalleled and unprecedented in our history. Imagine such muddle-headed political leaders suddenly posing before us as the august defenders of the Constitution and as the arbiters and judges of the niceties and perfections of constitutional law. [Interruption.] I have finished. I have dealt with the official Opposition. What is to be said about the Liberal opposition? What are their pretensions in this affair. The hon. Member for Silvertown's friend, Julius Cæsar, said that all Gaul was divided into five parts. In order to save time, I will deal with the Liberal opposition under only two heads. I will deal with them under the two heads of the impeccables and the naughty. What did the orthodox followers of, shall I say, Sir Herbert Samuel or Lord Oxford, commit themselves to in supporting the Preamble of the Parliament Act?

Mr. CRAWFORD: Did you?

Mr. CHURCHILL: Certainly, and I support it now. What is their position? They have never compromised with fortune. They have kept the faith and have also run in the race. They are the pure and the unsullied, and I ask why should they complain that the question of the reform of the House of Lords has been raised by His Majesty's Govern-

ment. How in the face of the Preamble of the Parliament Act can they object to that? Of course, it is quite true that they may not agree with the proposals which Lord Cave has put forward. That is quite true. They are perfectly free to differ from those proposals. Indeed, they have logical grounds for doing so in the very text of the Preamble of the Parliament Act. But what we are now being censured for, is not for any proposals or any Bill that we have put forward. We are now being censured because we have allowed this question to be raised and to be discussed in another place. [*Interruption.*] Well, that is quite easy. Any party can do that, and, if it comes to dividing, we will divide. I thought the hon. Gentleman wanted a Debate. In the face of the statements that they have made about it being a pledge of honour and a pledge which brooks no delay to deal with the question of the Second Chamber, I ask them with what shadow of consistency can they condemn us, not for the method of our proposals, but for the fact that we have ventured to put some forward? So much for the impeccables. Now let me come to the naughty. I come to the black sheep that was lost, and warned and rung off as "no earthly," but later on returned to his overjoyed companions and quite unexpectedly broke back into the pen. The right hon. Gentleman the Member for Carnarvon (Mr. Lloyd George) was the head of the Government that made these very proposals five years ago.

Mr. LLOYD GEORGE indicated dissent.

Mr. CHURCHILL: The right hon. Gentleman says "No, no." They are as like as two peas. It is true that if you take two peas and put them under a microscope a certain number of minor peculiarities will be discernible in each pea, and I am quite ready to make the right hon. Gentleman a present of the minor peculiarities. Let me ask him this question. Assume we obliterate the minor peculiarities and make our proposals in the exact identical form with those he persuaded me to support five years ago, where does he stand? Can we count on his aid in the further exploration of this problem if we put ourselves directly in line with him and his Government?

HON. MEMBERS: "Answer."

Mr. LLOYD GEORGE: If the right hon. Gentleman is prepared to take now the line which he took in the Cabinet then, I shall be prepared to stand by him.

Mr. CHURCHILL: It is quite true that five years ago I was rather shocked at the proposals of the right hon. Gentleman, and I somewhat deprecated his ardour for reform of the House of Lords, but everyone knows how compulsive and persuasive is his personality, how commanding his presence as the Leader of the Government, and in the end I deferred to his advice and wishes and, in consequence, I shared with him the responsibility for the proposals which were put forward five years ago by him and which have now been tentatively advanced for public discussion in a slightly different form by His Majesty's Government.

I now venture to depart from the strict terms of the Motion before the House and deviate, though it will be perfectly orderly, in view of the merits of the issue of the reform of the House of Lords. I took the trouble to re-read a large number of the Debates on the Parliament Act, and it is really difficult to believe that they took place only 16 years ago. How completely the political atmosphere has changed since those days! Not only have 16 years passed, but world changing events have taken place and multiplied the ordinary passage of time. The scene is completely transformed. We have a new electorate, a new generation. We have a new world, battered and chastened, but still a new world, and undoubtedly the opinion of this new generation, of this new electorate, must be the supreme factor in any modification of our Constitution.

But what is the main feature of the change which has taken place? Surely it is the attitude of the nation as a whole towards the Parliament Act. In those days the Parliament Act was the most fiercely controverted Measure of Liberal and Radical reform. Now it is accepted widely and generally; for good or for ill, it is accepted as having taken a lasting and almost an unchallenged place in the Constitution. Whatever the differences between parties may be, or whatever the differences in parties may be—there are still very clear differences, natural and honest differences, on this difficult topic of the

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reform of the House of Lords, in almost every party—whatever those differences may be, it may be taken as an agreed fact that the Parliament Act is the foundation and the starting point of all modern constitutional reform. The Parliament Act dominated the Bryce Committee; the Parliament Act dominated the Coalition proposals; and the Parliament Act dominates any proposals which at any time may be made by His Majesty's Government. It is accepted that the Parliament Act must remain as the instrument to regulate the relations between the Houses, lest or until some Second Chamber utterly different in composition from what exists to-day were actually called into being.

I am not going to dwell upon the proposal that is put forward, that a Joint Committee should be substituted for the Speaker's certificate to determine what are and what are not Money Bills. It was recommended by the Bryce Committee; it played its part in the Coalition proposals; and it presents itself in a somewhat different form in our own. The right hon. Gentleman makes a great point of the differences between his proposals and ours in that respect. I can assure him that if he is pinning his faith to being able to preserve his consistency by that quibble, the foothold will be withdrawn from beneath him, because there is no reason whatever why, in the course of fair discussion, the proposals which we put forward should not take the form of those which were put forward in the days of the Coalition. I cannot believe that the proposal to adjust the relations between the two Houses on this matter in the form put forward by the Bryce Committee raises any issue which ought to divide sincere constitutional reformers.

Far more important, however, is the question, also included in the right hon. Gentleman's proposals, of whether the powers which are being left by the Parliament Act to the House of Lords ought to be capable of being altered by the Parliament Act within the lifetime of a single Parliament and without any intervening election. Everything in the British Constitution must be capable of alteration, either by the prerogative of the Crown or by some other lawful means, in accordance with the settled and

persisting will of the people. The Government have no intention, and never had any intention, of creating any system for which there is no constitutional exit. The right hon. and learned Member for Spen Valley (Sir J. Simon) devoted a closely-knit argument to this subject, and I do not at all complain that he should have raised this question. Means must exist of procuring constitutional change by the manifestation of the will of the people, and those means could not be sufficiently provided merely by the constitutional practice of the House of Lords to defer to a direct expression of the popular will.

In the preliminary Debates in the House of Lords this point was not made sufficiently clear and exactly the same thing took place when the proposals of the right hon. Gentleman the Member for Carnarvon Boroughs were introduced and the reason is very easy to understand. These proposals partake of two parts. There are certain minor modifications in the relations of the two Houses and proposals for the alteration of the composition of the House of Lords. Until it is known whether the House of Lords is willing to make alterations in its own composition and reduce its numbers in such a way that, through that very fact, the prerogative of the Crown to create Peers is affected—until that is known it is not necessary to alter the proposals for making sure that the Parliament Act is inalterable by means of the Parliament Act. But, of course, it is perfectly clear that once the issue is raised a method of continuous progression by constitutional means must be afforded and must always remain open to the people of this country. The question, therefore, is not whether we must make the Parliament Act inalterable by means of the Parliament Act, but whether it should be inalterable unless a General Election has intervened at some stage in the Parliament Act procedure.

I am going to examine this proposal because I think it requires attention. My part in the Parliament Act Debates was considerable. I wound up the principal discussion, and I took a great part in the Committee stage and, therefore, I can claim to be thoroughly well acquainted with all that went on at that time and with the views that were held. The then Liberal Government con-

sistently repudiated the idea of single-Chamber Government and in abrogating the Veto of the House of Lords they deliberately assigned to the Second Chamber, the Chamber of review, the extremely important and, as the right hon. Gentleman wisely indicated, formidable function of delay. That arose as a result of convictions formed in the days of John Bright. It was the opinion of Sir Henry Campbell-Bannerman and, over many years, the highest possible value was attached by the Liberal leaders to conferring upon the House of Lords and securing to them the full use of the weapon of delay. The object was to enable a Chamber of review, a revising Chamber, however it might be constituted, to safeguard the country against sudden and precipitate action, against laws passed in passion and in violence, and to ensure a reasonable amount of revision. The right hon. Gentleman opposite asked me whether I could put my hand on my heart and say that I approved of this proposal and the other proposals. I will, not in any vanity, not because I am trying to prove myself the most or perhaps the only consistent man in this House, quote what I said on behalf of the Liberal Government in those days 16 years ago:

"I do not believe the bi-cameral system is necessary to the stability of the State. I think it is necessary for the passage of good laws. But we do not propose single-Chamber government; it is not in our Bill, it is not in our Preamble; it is not in our policy. We propose that the absolute veto of the House of Lords shall now cease and be determined for ever, and that in the place of that absolute veto they shall exercise a delaying power over all legislation, which will give ample time for fair consideration by the country and full opportunities for revision as well as for the exercise of a certain bargaining power between the two Houses. We do not say that this is the final settlement. Among the legislation which we shall submit to the delaying powers of the Lords will be included, if it be the general wish, a Measure for creating that fairly evenly constituted Second Chamber of which so many Members have spoken to-night."—[OFFICIAL REPORT, 22nd February, 1911; cols. 2035-6, Vol. 21.]

I say that that truly illustrates the views held by some in those days, and it is only right that we should approach this question along the path of historical continuity. In the present circumstances there is no security at all that the safeguard of delay provided by the Parlia-

ment Act could not be swept away, through the machinery of the Parliament Act, in two years after a new Parliament had come into being, and swept away without the electors even being asked whether or not they wished to have the Parliament Act altered or repealed. It would only be necessary in this Statute, in Section 1: "If a Money Bill, having been passed," to omit the one word "Money," and let it read: "If a Bill, having been passed," to destroy altogether the safeguard of delay, which, in all these controversies in the last two generations, it has always been determined by the Progressive party should be attributed to the Second Chamber.

I think this is a serious danger, and it is reinforced by the speech of the right hon. Gentleman this afternoon. I saw him working himself up to an attack, not merely upon the proposals of the Government—and the proposals, incidentally, which he made himself—but working himself up to an attack upon the Parliament Act itself, pointing out all the inconveniences of the delay and generally making out a case to sweep away such safeguards as the wisdom which emerged from the controversies of generations have still left to the Second Chamber in this country. I have asked myself why this security was not demanded by the House of Lords and by the Conservative party at the time of the passing of the Parliament Act. The explanation is, I am sure, that owing to the passions which were then running and the keen resentment which was felt, no word of good could be spoken about the Parliament Act, and the many advantages which it confers upon the Second Chamber could not be recognised in any way, but I am quite sure that if the House of Lords had then said, "We will pass this Bill without a threat of creating peers provided it is understood that the powers now given to us are not to be taken away through this very instrument, but that there will be a General Election before these powers are taken away"—if they have made that request, the Government of the day, I say myself, giving my own personal opinion, that that request would most certainly have been accepted, and I point as a precedent to a request which was accepted. It was proposed by the House of Lords that the provision of the Parliament Act which says that the life of Parliament may not be prolonged

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beyond five years should be specially exempted from the ordinary provisions of the Parliament Act, and that figures in that Act at the present time as an exception to the legislation which may be dealt with under the Parliament Act.

It is entirely reasonable and in the general historic sequence of events that the Parliament Act itself, and such privileges and rights as yet remain to the Second Chamber, should not be altered—without an appeal to the people, because that alters everything—through the ordinary automatic working of the Parliament Act. I am not here to say what are the proposals which the Government will put forward in due course, but, at any rate, it seems to be a matter which may quite fairly be the subject of discussion and which ought to be very carefully considered by all those who wish to see the Constitution of this country put into good order. Why should it be thought that such a safeguard is less needful now than it was in 1911 or in the days of my right hon. Friend in 1922? Why should it be less needful now? What has happened since then to make it less necessary? Whereas the party systems in this country which carried on the struggles of politics so fiercely in the past were not divided in former times on fundamental issues. We now have a party which would be greatly insulted if anybody were to suggest that they did not wish to sweep away and alter fundamentally the whole existing economic and social system of the country. I dare say they are not so red as they paint themselves, but, at any rate, they are a party which claims the right to proceed to nationalise all the means of production and distribution. At any rate, no one can say that the new fact which hon. Gentlemen constitute makes it less necessary that the reasonable safeguards which were approved by the Parliaments before the War should be limited or are rendered unnecessary to-day.

My hon. Friend the Member for the Scottish Universities (Mr. Buchan), who interested us all so much this afternoon by his delightful speech, said, in effect, "Trust to the common-sense of the British people." I agree with that, and I am quite sure that, on the day when

the constitutional parties of this country lose faith in the common-sense and good will of the masses of the British people they will have lost all influence at home. But how does my hon. Friend know that the good sense and common-sense of the British people is going to be consulted? [An HON. MEMBER: "Dare you consult them on this?"] How much did you consult the good sense of the British people when you declared the General Strike? [An HON. MEMBER: "How much did you consult them over the Eight Hours Bill?"] I submit that these reasonable proposals which have been put forward are deserving of the careful and patient consideration of sincere men in all parts of the House. That brings me—and I have only a few minutes to spare, but quite enough—to the second part of these proposals, namely, the composition of the Second Chamber. I should like to point out that if the relations between the two Houses are satisfactory—if they are regulated by the Parliament Act and are satisfactory to the House of Commons—the composition of the House of Lords becomes definitely less important and sinks to an altogether less important plane. Nevertheless, I venture to think it is plain that among men of all parties opinion in this House has clearly turned against the brand new elective Senate which would be a rival to the House of Commons and would certainly interfere with the course of business and set itself up as an antagonistic and confident combatant with us at every stage. But our object is much more limited. Our object is to enable the House of Lords, if it chooses, and only if it chooses, to form itself into an assembly which can better and more fairly discharge the functions remaining to it under the Parliament Act. All parties, as the right hon. Gentleman for Carnarvon Boroughs has pointed out, have an interest in that, and I cannot see how the Labour or Liberal parties could possibly be damaged in their interests because of the House of Lords—wishing to put itself in better relations with the country and to fit itself better to discharge its duties—choosing to add representatives of other parties and to reform its body from within.

I cannot conceive that we are to be blamed and censured because we have allowed it, encouraged it, to embark

upon the study of such a matter. It may well be that we shall fail. The right hon. Gentleman has said that every effort to solve this problem has failed, and that the House of Lords will long continue in that venerable and unreformed magnificence so dear to the heart and the historical sentiments of my hon. Friend the Member for the Scottish Universities. If that should happen after there has been a fair and a free and an open and public discussion, if it should happen that the scheme fails, that agreement cannot be reached, that nothing which makes things very much better should be produced, we shall bear our disappointment with what fortitude we may. Nevertheless, I am sure that we are right, and, indeed, we are bound to assist in the ventilation of this subject. The House of Commons stands to lose nothing from the discussion, and it may well be that the Constitution will be the gainer. I trust my hon. Friends on this side of the House will not think that these constitutional matters are unimportant, or that they can be ignored. The task that we have before us is the defence of the Parliamentary institutions of this country from all enemies, from whatever quarter of the political horizon they may come, and in that task we shall be the stronger if an earnest attempt and a good-hearted attempt is made by both Houses to understand their own difficulties and to discharge their proper functions under

the Constitution with common respect and good feeling. Now I have finished, and I merely wish—

Mr. SNOWDEN: May I—?

Mr. CHURCHILL: No, I cannot give way. [HON. MEMBERS: "Divide!"] I shall trespass no longer upon the time of hon. Members. I know they wish to divide. If these proposals had been received in a sincere desire to examine this problem and carry it forward, and if we have been reproached with any fault in the manner or method in which we had brought them before the public, we should have been wounded by the censure; but when we see there is nothing in this but really hungry partisanship, and that it expresses itself in the gross, harsh and insulting language of censure, we shall show ourselves able to repel it.

Question put,

"That this House regrets that the Government has put forward a scheme for fundamental changes in the House of Lords which gerrymanders the constitution in the interests of the Conservative party, deprives the House of Commons of that control over finance which it has possessed for generations, entrenches the House of Lords, on a hereditary basis, more firmly against the people's will than for centuries past, and, in defiance of every precedent of modern times, robs the electors of power to deal with the House of Lords; and this House declared that it will be an outrage on the Constitution to force such proposals through Parliament without a mandate from the people."

The House divided: Ayes, 167; Noes, 362.

Division No. 244.]

AYES.

[11.0 p.m.]

Adamson, Rt. Hon. W. (Fife, West)
Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Attlee, Clement Richard
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Abertillery)
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bondfield, Margaret
Bowerman, Rt. Hon. Charles W.
Briant, Frank
Broad, F. A.
Bromfield, William
Bromley, J.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Cape, Thomas
Clowes, S.
Cluse, W. S.
Clynes, Rt. Hon. John R.
Compton, Joseph

Connolly, M.
Cove, W. G.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Davies, Ellis (Denbigh, Denbigh)
Davies, Evan (Ebbw Vale)
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dennison, R.
Duckworth, John
Duncan, C.
Dunnico, H.
Edge, Sir William
England, Colonel A.
Evans, Capt. Ernest (Welsh Univer.)
Gardner, J. P.
Garro-Jones, Captain G. M.
George, Rt. Hon. David Lloyd
Gibbins, Joseph
Gillatt, George M.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenall, T.
Greenwood, A. (Nelson and Colne)

Grenfell, D. R. (Glamorgan)
Grimths, T. (Monmouth, Pontypool)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Hardie, George D.
Harney, E. A.
Harris, Percy A.
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Bellisha, Leslie
Hudson, J. H. (Huddersfield)
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
John, William (Rhonda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, J. J. (West Ham, Silverton)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypool)

Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lindley, F. W.
 Livingstone, A. M.
 Lowth, T.
 Lunn, William
 MacDonald, Rt. Hon. J. R. (Aberavon)
 Macdonald, Sir Murdoch (Inverness)
 MacLaren, Andrew
 Maclean, Nell (Glasgow, Govan)
 MacNeill-Weir, L.
 Macpherson, Rt. Hon. James I.
 Maxton, James
 Morris, R. H.
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Oliver, George Harold
 Pailin, John Henry
 Palling, W.
 Pathick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Purcell, A. A.
 Richardson, R. (Houghton-le-Spring)

Riley, Ben
 Ritson, J.
 Robinson, W. C. (Yorks, W.R., Elland)
 Rose, Frank H.
 Saklatvala, Shapurji
 Salter, Dr. Alfred
 Scrymgeour, E.
 Scurr, John
 Sexton, James
 Shaw, Rt. Hon. Thomas (Preston)
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Simon, Rt. Hon. Sir John
 Sinclair, Major Sir A. (Caithness)
 Sitoh, Charles H.
 Slessor, Sir Henry H.
 Smillie, Robert
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees (Kelghley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spencer, George A. (Broxtowe)
 Spoor, Rt. Hon. Benjamin Charles
 Stamford, T. W.
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Strauss, E. A.
 Sullivan, J.
 Sutton, J. E.
 Taylor, R. A.

Thomson, Trevelyan (Middlesbro. W.)
 Thorne, G. R. (Wolverhampton, E.)
 Thorne, W. (West Ham, Plaistow)
 Thurtle, Ernest
 Tinker, John Joseph
 Townend, A. E.
 Trevelyan, Rt. Hon. C. P.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Welsh, J. C.
 Whiteley, W.
 Wiggins, William Martin
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Williams, T. (York, Don Valley)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE AYES.—
 Mr. Allen Parkinson and Mr. Charles Edwards.

NOES.

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Ainsworth, Major Charles
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Allen, J. Sandeman (L'pool, W. Derby)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Apsley, Lord
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astbury, Major-Commander F. W.
 Astor, Maj. Hon. John J. (Kent, Dover)
 Atholl, Duchess of
 Atkinson, C.
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Baines, Lord
 Banks, Reginald Mitchell
 Barclay-Harvey, C. M.
 Beaumont, Rear-Admiral T. P. H.
 Beckett, Sir Gervase (Leeds, N.)
 Bellairs, Commander Carlyon W.
 Bell, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bennett, Lord Henry Cavendish
 Berry, Sir George
 Bethel, A.
 Bitterton, Henry B.
 Birchall, Major J. Dearman
 Bird, E. R. (Yorks, W. R., Skipton)
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowater, Col. Sir T. Vansittart
 Bowyer, Captain S. E. W.
 Bowyer, Major A. N.
 Brass, Captain W.
 Braxator, Sir Leonard
 Briggs, J. Harold
 Briscoe, Richard George
 Brittain, Sir Harry
 Brockbank, C. E. R.
 Brookes, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Col. D. C. (N'ht'd, Hexham)
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buchanan, John
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James

Bullock, Captain M.
 Burgoyne, Lieut.-Colonel Sir Alan
 Burman, J. B.
 Burney, Lieut.-Com. Charles D.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Caine, Gordon Hall
 Campbell, E. T.
 Carver, Major W. H.
 Cassels, J. D.
 Cautley, Sir Henry S.
 Cayzer, Sir C. (Chester, City)
 Cayzer, Maj. Sir Herbt. R. (P'tsmth.S.)
 Cazalet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Cecil, Rt. Hon. Lord H. (Ox. Univ.)
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hon. N. (Ladywood)
 Chapman, Sir S.
 Charles, Brigadier-General J.
 Chilton, Sir Warden
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cockerill, Brig.-General Sir George
 Cohen, Major J. Brunel
 Colfox, Major Wm. Phillips
 Colman, N. C. D.
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtauld, Major J. S.
 Courthope, Colonel Sir G. L.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Capt. Rt. Hon. C. C. (Antrim)
 Craig, Sir Ernest (Chester, Crews)
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Capt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Dalkeith, Earl of
 Davidson, J. (Hertf'd, Hemel Hempst'd)
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Sir Thomas (Cirencester)

Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dawson, Sir Phillip
 Dean, Arthur Wellesley
 Dixon, Captain Rt. Hon. Herbert
 Drewe, C.
 Eden, Captain Anthony
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 Erskine, Lord (Somerset, Weston-s-M.)
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fermoy, Lord
 Fielden, E. B.
 Ford, Sir P. J.
 Forestier-Walker, Sir L.
 Foster, Sir Harry S.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Frece, Sir Walter de
 Fremantle, Lieut.-Colonel Francis E.
 Gadie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gilmour, Colonel Rt. Hon. Sir John
 Glynn, Major R. G. C.
 Goff, Sir Park
 Gower, Sir Robert
 Graham, Fergus (Cumberland, N.)
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greaves-Lord, Sir Walter
 Greene, W. P. Crawford
 Greenwood, Rt. Hon. Sir H. (W'th's-w, E)
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotlian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Guinness, Rt. Hon. Walter E.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hall, Capt. W. D'A. (Brecon & Rad.)
 Hammersley, S. S.

- Hanbury, C.
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Harrison, G. J. C.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Haslam, Henry C.
Hawke, John Anthony
Headlam, Lieut.-Colonel C. M.
Henderson, Capt. R. R. (Oxf'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Col. Arthur P.
Henn, Sir Sydney H.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hille, Major John Waller
Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Hohler, Sir Gerald Fitzroy
Holbrook, Sir Arthur Richard
Holt, Capt. H. P.
Homan, C. W. J.
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hope, Sir Harry (Forfar)
Hopkins, J. W. W.
Hopkinson, Sir A. (Eng. Universities)
Horlick, Lieut.-Colonel J. N.
Horne, Rt. Hon. Sir Robert S.
Howard-Bury, Lieut.-Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hudson, R. S. (Cumberl'nd, Whiteh'n)
Hume, Sir G. H.
Hume-Williams, Sir W. Ellis
Hunter-Weston, Lt.-Gen. Sir Aylmer
Huntingfield, Lord
Hurd, Percy A.
Hurst, Gerald B.
Iliffe, Sir Edward M.
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen't)
Jacob, A. E.
James, Lieut.-Colonel Hon. Cuthbert
Jones, G. W. H. (Stoke Newington)
Joynson-Hicks, Rt. Hon. Sir William
Kennedy, A. R. (Preston)
Kidd, J. (Linlithgow)
Kindersley, Major Guy M.
King, Commodore Henry Douglas
Kinloch-Cooke, Sir Clement
Knox, Sir Alfred
Lamb, J. Q.
Lane Fox, Col. Rt. Hon. George R.
Leigh, Sir John (Clapham)
Lister, Cunliffe, Rt. Hon. Sir Philip
Little, Dr. E. Graham
Lloyd, Cyril E. (Dudley)
Locker-Lampson, G. (Wood Green)
Loder, J. de V.
Long, Major Eric
Looker, Herbert William
Lougher, Lewis
Lowe, Sir Francis William
Lucas-Tooth, Sir Hugh Vere
Luce, Major-Gen. Sir Richard Harman
Lumley, L. R.
Lynn, Sir R. J.
MacAndrew, Major Charles Glen
Macdonald, Capt. P. D. (I. of W.)
Macdonald, R. (Glasgow, Cathcart)
McDonnell, Colonel Hon. Angus
MacIntyre, Ian
McLean, Major A.
Macmillan, Captain H.
Macnaghten, Hon. Sir Malcolm
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Makins, Brigadier-General E.
Malone, Major P. B.
Manningham-Buller, Sir Mervyn
Marsesson, Capt. D.
Marriott, Sir J. A. R.
Mason, Lieut.-Col. Glyn K.
Meller, R. J.
Merriman, F. B.
Meyer, Sir Frank
Milne, J. S. Wardlaw.
Mitchell, S. (Lanark, Lanark)
Mitchell, W. Foot (Saffron Walden)
Mitchell, Sir W. Lane (Streattham)
Moles, Rt. Hon. Thomas
Mond, Rt. Hon. Sir Alfred
Moore, Lieut.-Colonel T. C. R. (Ayr)
Moore, Sir Newton J.
Moore-Brabazon, Lieut.-Col. J. T. C.
Morden, Colonel Walter Grant
Moreing, Captain A. H.
Morrison, H. (Wilts, Salisbury)
Morrison-Bell, Sir Arthur Clive
Murchison, Sir Kenneth
Nail, Colonel Sir Joseph
Nelson, Sir Frank
Neville, Sir Reginald J.
Newton, Sir D. G. C. (Cambridge)
Nicholson, O. (Westminster)
Nicholson, Col. Rt. Hon. W. G. (P'tral'ld.)
Nield, Rt. Hon. Sir Herbert
Nuttall, Ellis
Oakley, T.
O'Connor, T. J. (Bedford, Luton)
O'Neill, Major Rt. Hon. Hugh
Oman, Sir Charles William C.
Ormsby-Gore, Rt. Hon. William
Pennefather, Sir John
Penny, Frederick George
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Perring, Sir William George
Peto, Sir Basil E. (Devon, Barnstaple)
Peto, G. (Somerset, Frome)
Pilcher, G.
Power, Sir John Cecil
Pownall, Sir Assheton
Preston, William
Price, Major C. W. M.
Radford, E. A.
Raine, Sir Walter
Ramsden, E.
Rawson, Sir Cooper
Reid, D. D. (County Down)
Rhys, Hon. C. A. U.
Rice, Sir Frederick
Richardson, Sir P. W. (Sur'y, Ch'te'y)
Roberts, E. H. G. (Flint)
Roberts, Sir Samuel (Hereford)
Ropner, Major L.
Russell, Alexander West (Tynemouth)
Rye, F. G.
Salmon, Major I.
Samuel, A. M. (Surrey, Farnham)
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sanders, Sir Robert A.
Sanderson, Sir Frank
Sandon, Lord
Sassoon, Sir Philip Albert Gustave D.
Savery, S. S.
Scott, Rt. Hon. Sir Leslie
Shaw, R. G. (Yorks, W.R., Sowerby)
Shaw, Lt.-Col. A. D. Mel. (Renfrew, W.)
Sheffield, Sir Berkeley
Shepperson, E. W.
Slaney, Major P. Kenyon
Smith, R. W. (Aberd'n & Kline'dine, C.)
Smith-Carlington, Neville W.
Smithers, Waldron
Somerville, A. A. (Windsor)
Spender-Clay, Colonel H.
Sprot, Sir Alexander
Stanley, Lieut.-Colonel Rt. Hon. G. F.
Stanley, Lord (Fylde)
Stanley, Hon. O. F. G. (Westm'land)
Steel, Major Samuel Strang
Storry-Deans, R.
Streatfield, Captain S. R.
Stuart, Crichton, Lord C.
Stuart, Hon. J. (Moray and Nairn)
Styles, Captain H. Walter
Suster, Rear-Admiral Murray Fraser
Sugden, Sir Wilfrid
Sykes, Major-Gen. Sir Frederick H.
Tasker, R. Inigo.
Thom, Lt.-Col. J. G. (Dumbarton)
Thompson, Luke (Sunderland)
Thomson, F. C. (Aberdeen, South)
Thomson, Rt. Hon. Sir W. Mitchell.
Tinne, J. A.
Titchfield, Major the Marquess of
Tryon, Rt. Hon. George Clement
Vaughan-Morgan, Col. K. P.
Waddington, R.
Wallace, Captain D. E.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watson, Rt. Hon. W. (Carlisle)
Watts, Dr. T.
Wells, S. R.
Wheler, Major Sir Granville C. H.
White, Lieut.-Col. Sir G. Dalrymple.
Williams, A. M. (Cornwall, Northern)
Williams, Com. C. (Devon, Torquay)
Williams, Herbert G. (Reading)
Wilson, Sir C. H. (Leeds, Central)
Wilson, R. R. (Stafford, Lichfield)
Winby, Colonel I. P.
Windsor-Gliva, Lieut.-Colonel George
Winterton, Rt. Hon. Earl
Wise, Sir Fredric
Withers, John James
Wolmer, Viscount
Womersley, W. J.
Wood, B. C. (Somerset, Bridgwater)
Wood, E. (Chester, Staly'b'ge & Hyde)
Wood, Sir Kingsley (Woolwich, W.)
Wood, Sir S. Hill- (High Peak)
Worthington-Evans, Rt. Hon. Sir L.
Wragg, Herbert
Yerburgh, Major Robert D. T.
Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
Commander B. Eyres Monsell and
Colonel Gibbs.

The Orders were read, and postponed.

ADJOURNMENT.

Resolved, "That this House do now
adjourn."—(Commander Eyres Monsell.)

Adjourned accordingly at Thirteen Minutes after Eleven o'Clock.

HOUSE OF COMMONS.

Thursday, 7th July, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

STANDING ORDERS.

Major-General Sir NEWTON MOORE:

I beg to move,

"That so much of Standing Order 91 as fixes Five as the quorum of the Select Committee on Standing Orders be read and suspended."

The object of this Motion is to expedite public business. There are two important matters down for consideration on Monday next, and, in view of the fact that many Members of the Committee are on other Committees, it is thought necessary to reduce the quorum.

HON. MEMBERS: Object.

Mr. SPEAKER: Objection cannot be taken before Three o'Clock.

Mr. BUCHANAN: Yesterday we were allowed to take objection, and we were not told about the Three o'Clock Rule. It seems to me rather peculiar that on one day a simple objection should operate, and that on the following day it should not. I understand the reason for this Motion is the pressure of public business and that it is difficult to get Members to attend, but that does not apply to Mondays. So far as I am aware, there is no Committee that meets on Monday.

Lieut. - Colonel Sir FREDERICK HALL: I could tell you of one.

Mr. BUCHANAN: You could not tell me of many. That grievance, we allege, is not a valid one. Let me come to the other reason. Certain Members seem to have a glut of Committee work while others seem to have no Committees at all. This business ought to be faced. The House of Commons passes certain Standing Orders to govern its business at the beginning of the year. It is a per-

fectly good argument that for an occasion these things might be suspended, but when it becomes a regular routine business every year the whole thing is altered, and the House ought in a correct and legitimate way to alter its Standing Orders. We are now told this thing cannot be done. This temporary expedient year after year is a form of blackmail. I agree that the Mersey tunnel is an important piece of constructive work, but why should I be held up to blackmail against my public duty by the Mersey Tunnel? The thing is not fair, and it is not reasonable, and there is a remedy for the House if it wants it. Either the House ought to fulfil its legitimate obligations and have the Rules altered, or those who serve on the Standing Orders Committee, which is doing important public work, ought to limit their activities in regard to other Committees. I do not want to deprive Members of the opportunity of putting questions, but it seems to me this is forcing on me an objectionable practice which I do not want to take up. But this is not going to happen, so far as I am concerned if I am privileged—and I am likely to be—to be a Member of the House for some time to come. I am more likely than most. The hon. and gallant Member for Richmond (Sir Newton Moore) looks like being here next year, too, and I hope he is going to face up to get this altered. This practice of certain Members getting too much work on Committees while others are denied the opportunity is becoming far too common. The hon. and gallant Gentleman ought next year to get the thing done in a proper fashion.

Lieut. - Commander KENWORTHY: Could we have a word from the Chairman of the Committee as to what the business actually is on Monday. It would give us a better idea of the strength of the case. The Mersey Tunnel Bill has been passed, and the tunnel is in process of construction now. My constituency has been denied equal facilities, but I do not mind that. Will the hon. and gallant Gentleman give us a short account of the actual work to be done by a quorum of three instead of five?

Sir NEWTON MOORE: I was not aware that this innocent little Motion would meet with such strong opposition. It is a Measure always brought forward

[Sir N. Moore.] after Whitsuntide in view of the fact that there is a certain amount of congestion of public business. Some Members who are on the Standing Orders Committee are also members of other Committees, and it will be for them to decide, if the Motion is not carried, whether it would not be wise for them to neglect their other business in order to come to the Standing Orders Committee. I have only brought it forward in accordance with precedent and with a view to expediting any business that may be brought up for discussion on Monday, which is the next meeting. Amongst other matters that will be discussed, there is a Motion in connection with the Mersey Tunnel—I do not know exactly the nature of the business—and there are one or two other questions which will be brought before the Committee. I have not brought it forward with a view to giving information in regard to any particular Measure. It has been customary to bring it forward after Whitsuntide, and it has generally been accepted. If hon. Members object to it, of course we shall have to carry on and endeavour to obtain a quorum.

Colonel WEDGWOOD: Evidently, it is not essential that we should pass this Motion now. I am afraid the House of Commons is rather slack in its attendance. It would be just as well if Members were made definitely aware that they have to attend this Committee and should not take up two or three Committees.

It being Three O'clock, the Debate stood adjourned.

Mr. SPEAKER: Debate to be resumed?

Sir NEWTON MOORE: I do not propose to bring it forward again.

ORAL ANSWERS TO QUESTIONS.

UNEMPLOYMENT.

BENEFIT.

1. **Lieut.-Colonel Sir FREDERICK HALL** asked the Minister of Pensions whether his attention has been called to the remarks made by the magistrate in connection with the proceedings taken re-

cently against a man for making a false declaration when applying for unemployment benefit; and if he will state whether any alteration has since been made in the precautions taken to prevent frauds of this kind?

Major Sir GEORGE HENNESSY (Vice-Chamberlain of the Household): I have been asked to reply. Reports have appeared in the Press of the case which my hon. and gallant Friend apparently has in mind. The case was one in which a claimant for benefit, who had stated that he had applied for an old age pension, denied that he was actually in receipt of one, though repeatedly questioned on the subject. The instructions are that in such circumstances the facts should be ascertained from the old age pensions office, and it is regretted that in the present case these instructions do not appear to have been carried out.

25. **Sir F. HALL** asked the Minister of Labour whether his attention has been called to the recent conviction of two men, members of a Bethnal Green gang of warehouse and shop thieves, who, at the time of their conviction, were drawing unemployment pay and also receiving relief from the local guardians; whether, in order to prevent this form of fraud, the guardians are furnished with particulars of persons within their jurisdiction who are receiving unemployment pay; and if he will state whether the two men in question will be treated as entitled to receive unemployment benefit again when they come out of gaol?

Sir G. HENNESSY: Inquiries are being made as regards the case referred to in the question. Generally, I may say that arrangements have been made for co-operation between the Employment Exchanges and boards of guardians, and for supplying the latter with information as to the payment of unemployment benefit in the particular cases specified by them. The question whether the two men mentioned by my hon. Friend will be eligible for unemployment benefit after serving their sentences will depend on the decision of the statutory authorities to whom any claim that the men may make will be referred.

ROTA COMMITTEE, BISHOP AUCKLAND.

24. **Mr. SPOOR** asked the Minister of Labour the number of members on the

rota committee in Bishop Auckland, giving the numbers representing the employers, the employed, and the co-opted members, respectively, and the attendances in each case during six months to the last convenient date; who issues the invitations to attend the meetings of the committee; and whether action is taken to ensure that representatives of workpeople are present at all meetings of the rota committee in numbers equal to the other members representing the employers and co-opted members?

Sir G. HENNESSY: The information requested is not available without local inquiry. The hon. Member will be communicated with as soon as it has been obtained.

INSURANCE BILL.

Mr. CLYNES (*by Private Notice*) asked the Prime Minister whether arrangements will be made for the introduction of the promised Unemployment Insurance Bill before the Summer Adjournment, in order that Members may be able to examine it, and, if necessary, consult their constituents during the Recess?

The PRIME MINISTER (Mr. Baldwin): I am afraid that would be quite impossible. The Bill contains a number of technical details which have yet to be arranged, and I am afraid some little time must elapse before they are settled. I will take steps to see that the Bill gets into Members' hands in ample time before the Second Reading is taken.

Mr. E. BROWN: May I ask to what Bill the right hon. Gentleman is referring, because we could not hear a word of the question?

The PRIME MINISTER: The Unemployment Insurance Bill.

Mr. STEPHEN: The Prime Minister says that he will see that hon. Members get ample time to examine this Bill before the Second Reading. Does he mean that there is absolutely no chance that we can have it during the Recess?

The PRIME MINISTER: I cannot say when the Bill will be taken. In the event of the Bill being taken early in the Autumn Session, I will see that it is supplied to hon. Members during the Recess.

INCOME TAX.

ARREST FOR NON-PAYMENT.

2. Colonel DAY asked the Secretary of State for the Home Department whether his attention has been called to the case which occurred on the 18th of June last, when a person arrested for non-compliance with a judgment order for the payment of a debt in respect of Income Tax was detained in prison until Monday because there was no person authorised to receive payment when tendered on Saturday afternoon; and whether he can make arrangements for the police to receive payment in such circumstances with a view to the consequent release of the debtor?

The SECRETARY of STATE for the HOME DEPARTMENT (Sir William Joynson-Hicks): I have no control over the arrangements for obtaining release by making payments in such cases and I do not think it within the province of the police to receive payment on behalf of sheriffs; but I am consulting the authorities concerned with a view to seeing whether the present arrangements can be improved upon.

Colonel DAY: Is the right hon. Gentleman aware that there was a case a fortnight ago in which a man was kept in prison until Monday although the money was tendered to the Governor of the prison and the police, and can some arrangement be made whereby a man, whose friends are able and willing to pay, can be released? Will he take that into consideration?

Sir W. JOYNSON-HICKS: Personally, I am painfully aware of that case, because I was rung up in the country about it. As I say, I have no power, and I will consult the authorities to see whether an improvement can be made.

Captain CROOKSHANK: Is not the remedy to keep out of debt?

SMALL DWELLINGS (PURCHASED BY INSTALMENTS).

17. Mr. R. MORRISON asked the Chancellor of the Exchequer whether he is aware that many persons who are purchasing their houses through the Small Dwellings Act, building societies, and on the instalment system, are being served with notices to pay Income Tax

[Mr. R. Morrison.]
under Schedule A (Property Tax) although their incomes are below the Income Tax limit; and, in order to remove their doubts, will he make a statement on this matter?

THE FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): If a house-owner's income is of such an amount that he is not liable to Income Tax, he can claim exemption from any tax under Schedule A charged in respect of his property. Where the property is subject to annual charges, such as ground rent or mortgage interest, the exempt owner will merely be called upon to pay to the Revenue the tax which he deducts from his ground landlord or mortgagor, upon whom, and not upon the owner, the charge of such tax therefore falls. If the hon. Member has in mind any case in which it is alleged that an exempt owner is being called upon to pay—and ultimately to bear—Income Tax under Schedule A in respect of his property, and will furnish me with the necessary particulars, I will gladly have the matter investigated and will, in due course, communicate to him the result.

TRANSPORT.

STEAM TRACTORS.

3. Mr. W. BAKER asked the Home Secretary whether he is now in a position to state the number of complaints which have been made respecting the emission of smoke, steam, and sparks by steam tractors as a result of the circular to Chief Constables and the Chief of the Metropolitan Police which he promised to issue on the 3rd March last; and whether, in view of the continuance of this danger on the main roads leading out of London, he will ask the Chief of the Metropolitan Police to see that the matter has his special attention?

Sir W. JOYNSON-HICKS: With regard to the provinces I have no information, but I understand from the Commissioner that no specific complaints on the matter have been received by the Metropolitan Police since the issue of the Home Office Memorandum on 10th March last. The Metropolitan Police are fully alive to their duties in the matter, and I do not think it is necessary for me to

issue any further instructions on the subject. If, of course, the hon. Member has any information which I have not, I will gladly consider it.

Mr. BAKER: Has the right hon. Gentleman seen the complaint I sent to him at the beginning of the week of a flagrant breach of Regulations in regard to this matter?

Sir W. JOYNSON-HICKS: I cannot charge my mind as to whether I have seen it. I know there was a letter from the hon. Member a few days ago, but I have received so many letters that I cannot keep all of them in my head. This question does not refer to any particular letter.

Mr. BAKER: Is the right hon. Gentleman aware that it is a daily occurrence on the main roads leading out of London for steam tractors to pollute the atmosphere in the way of which complaint is made?

Sir W. JOYNSON-HICKS: All I can say is, that, with the exception of the possible complaint to which the hon. Member refers, I have had no complaints, but I will communicate again with the Commissioner of Police and ask him to let me have a report of what takes place during the next 10 days.

Sir JOSEPH NALL: Having regard to the nuisance caused by the cut out of the exhaust on petrol vehicles and other nuisances caused by petrol vehicles, does he not think this is really a gross exaggeration?

Sir W. JOYNSON-HICKS: Candidly, I have not had any number of complaints, and I am having the matter inquired into.

Mr. KIRKWOOD: Is not the Minister aware that a year ago I put a question on the same lines to the Minister of Transport, and that in reply to my question he said he was leaving the matter in the hands of the Secretary of State, because it was his business to deal with these wagons that travel through London?

Lieut. - Colonel HOWARD - BURY: Is my right hon. Friend aware that the smoke and steam let out by these great steam tractors cause a regular fog on the roads?

ACCIDENTS, SHOREDITCH.

5. **Mr. THURTL** asked the Home Secretary the number of traffic accidents, resulting in injury to persons or death, which have occurred in the Kingsland Road, at the point where this main road is joined by Pearson Street and Harman Street, Shoreditch, for the six months ending 30th June; and how many deaths have resulted from these accidents?

Sir W. JOYNSON-HICKS: Two accidents, resulting in personal injury, have occurred at this point during the period in question. Three persons were injured, one fatally.

Mr. THURTL: Will the Home Secretary be good enough to use his influence with the police to take better precautions for the safety of the public at this point, because there is very strong local feeling on the matter?

Sir W. JOYNSON-HICKS: I will call their attention to the matter.

Captain GARRO-JONES: Is the right hon. Gentleman aware that in the East End of London there are many similar points where, owing to the defective or narrow construction of the streets, a succession of accidents occurs, and will he take some action to have these points scheduled and re-constructed?

Mr. SPEAKER: That matter does not arise here.

MOTOR TAXATION.

18. **Lieut.-Colonel HOWARD - BURY** asked the Chancellor of the Exchequer whether in view of the feeling in the country in favour of a tax on petrol instead of a tax on horse-power and in view of his statement in last year's Budget, he will appoint a committee to go into the whole question of the possibilities of a petrol tax?

Mr. McNEILL: I would refer my hon. and gallant Friend to the replies which my right hon. Friend gave on the 30th June to my hon. and gallant Friend the Member for Gainsborough (Captain Crookshank).

Lieut.-Colonel HOWARD-BURY: Is the Financial Secretary aware that there is a strong feeling about this form of taxation; that in the United States all the provincial States have adopted it and are drawing a very big revenue from it;

and that they have overcome the objections and difficulties raised by the officials of his Department and have proved them to be without foundation.

Mr. McNEILL: I am aware of these circumstances, but they do not affect the answer.

Lieut.-Commander KENWORTHY: If this be pressed will it not end in both a horse-power tax and a petrol tax?

Sir J. NALL: If people go on talking about a petrol tax, are they not likely to get it in addition to the other?

OMNIBUSES, DARLINGTON (INQUIRY).

21. **Mr. SHEPHERD** asked the Minister of Transport when the Report will be issued of the inquiry recently held into the dispute between the borough of Darlington and a local omnibus company?

The MINISTER of TRANSPORT (Colonel Ashley): No Report will be issued regarding this inquiry but in accordance with the Order of Court, I have settled and communicated to the parties, the terms upon which licences are to be granted.

WORKMEN'S COMPENSATION
(INDUSTRIAL DISEASES).

4. **Mr. TINKER** asked the Home Secretary if he is aware that the miners are protesting against the description in the recent Order issued by him dealing with industrial diseases under the Workmen's Compensation Act, which contains the definition subcutaneous cellulitis or acute bursitis arising at or about the knee (beat knee), subcutaneous cellulitis or acute bursitis over the elbow (beat elbow), as they are of opinion that the word acute should be struck out; and will he give further consideration to this question?

Sir W. JOYNSON-HICKS: Before issuing this Order I considered a request from the miners to omit the word "acute." This request, however, was not supported by any evidence, and as the Report published by the Medical Research Council showed that bursitis is not a disabling condition except when there is acute inflammation, I was unable to adopt the suggestion. I have received no further representations, and see no grounds at present for reconsideration.

Mr. TINKER: Arising out of the unsatisfactory answer—I realise it is difficult to discuss this matter by Question and Answer—I want to warn the right hon. Gentleman that I will raise the question on the Estimates, and I should like him to let me have the information upon which he has based this particular Order.

Mr. LAWSON: Is the right hon. Gentleman aware that as far as this disease to the elbow and the knee is concerned, there are certain classes of work performed in the mines when, while, may not appear that the man is suffering very acute pain, the mere "touch" is torture?

Sir W. JOYNSON-HICKS: I agree that the word "acute" is in and that, if the disease is acute, then there is pain to the touch and so forth, but, when there is no acuteness, my information is that it is not painful.

Mr. LAWSON: Is the right hon. Gentleman aware that it sometimes happens that when a man is actually hurt and is in action, he may be suffering very great pain, though it may appear not to be acute when he is in the surgery undergoing examination?

Mr. TINKER: May I press upon the right hon. Gentleman to let me have the information we have asked for?

Sir W. JOYNSON-HICKS: The right hon. Gentleman says he is going to raise it on the Estimates, and as soon as my Estimates are put down, I will, of course, get all information and be prepared to give it.

Mr. T. WILLIAMS: Cannot the right hon. Gentleman supply the hon. Member who has put down the question with a copy of the statement of the Medical Research Council on which he has based his Order?

Sir W. JOYNSON-HICKS: That rather looks like supplying him with ammunition with which to shoot at me.

EDUCATION.

STATISTICS.

6. Mr. HERBERT WILLIAMS asked the President of the Board of Education the number of children between the ages

of 14 and 15 at public elementary and secondary schools, the estimated number at other schools, and the estimated number not at school?

The PRESIDENT of the BOARD of EDUCATION (Lord Eustace Percy): In the year 1925-26 the numbers of pupils in the age-group 14-15 in the grant-aided elementary and secondary schools were 164,410 and 62,632, respectively; there were also 5,056 pupils in this age-group attending other State-aided schools and institutions. I regret that I am unable to give corresponding figures for schools not in receipt of assistance from public funds. As regards the number not at school, I think the best indication I can give is that the number of pupils in the age-group 13-14 in grant-aided elementary schools in 1924-25 was 581,416. The number of children in the age-group 14-15 will, of course, fluctuate greatly in future years owing to fluctuations in the birth-rate, and in this connection I may refer my hon. Friend to page 17 of the Memorandum on the Board's Estimates for 1926, a copy of which I am sending him.

SCHOOL (ORGANISATION).

8 and 10. Mr. HARRIS asked the President of the Board of Education (1) how many plans for new or reorganised schools approved in each of the last two educational years have provided for the traditional basis of boys, girls and infants, or mixed and infants; and how many have provided for schools organised with departments for junior children and senior children, respectively;

(2) whether amending Regulation No. 1 of 1925 for the building of public elementary schools is now in operation; and whether the suggestions as to the organisation of public elementary schools, contained in Circular 1350 (issued in January, 1925), are now incorporated in the Building Regulations?

Lord E. PERCY: I could not, without the expenditure of a disproportionate amount of time and labour, supply the hon. Member with information which would reliably indicate the extent to which proposals for new schools or for the reorganisation of existing schools are based on the principles outlined in Circular 1350, but I can assure him that full regard is paid to these principles in the consideration of individual proposals.

As regards the Building Regulations, I would refer him to paragraph 5 (d) of Circular 1375, a copy of which I am sending him.

Mr. HARRIS: I do not want to trouble the right hon. Gentleman to give figures, but can he give some indication as to whether there has been a large number of instances where this Regulation has been carried out? Has it been on a large scale?

Lord E. PERCY: All I can say, is that I think the tendency to organise schools as senior and junior is steadily growing throughout the country. That is all I can say.

TEACHERS' SALARIES (SICK ABSENCE).

9. **Mr. HARRIS** asked the President of the Board of Education whether the decision that teachers absent from school on account of ill-health for periods which involve a loss of pay are liable to have their salaries re-assessed and reduced is a decision of the Board of Education or of the Burnham Committee; and whether this decision applies to teachers working under the elementary, secondary and technical awards, respectively?

Lord E. PERCY: The decision, to which the hon. Member refers, is embodied in Section 11 of the Third Report of the Standing Joint Committee on Salaries of Teachers in Public Elementary Schools, a copy of which I am sending him. Historically, the decision was originally made by the Board in 1923, and it was subsequently accepted by the committee. The procedure for dealing with this matter under the Secondary and Technical Reports is somewhat different. I will furnish the hon. Member with the particulars if he so desires.

CO-OPERATIVE SOCIETY'S GALA (STAFFORDSHIRE).

11. **Viscount SANDON** asked the President of the Board of Education whether he is aware that a circular inviting the closing of State elementary schools on the occasion of a co-operative society's gala has been issued by the Staffordshire education authority; and whether he will prohibit the closing of schools for such purposes?

Lord E. PERCY: My attention has been called to this matter. The closure of schools on particular days is within the discretion of the local authority and school managers, and is not a matter in which the Board intervene.

Viscount SANDON: Is it not contrary to high policy that factional bodies of this or any sort should be recognised by the State?

Lord E. PERCY: I do not see anything contrary to high policy or any other policy. I do not see why a gala organised by a co-operative society should be excluded from the discretion of the authority any more than a gala organised by any other society.

Viscount SANDON: Well, I do.

Mr. RILEY: Is the right hon. Gentleman not aware that in many of these towns the members of the co-operative society include half the population, and that this meets the convenience of that population?

Mr. PALING: Would not this holiday be included in the schedule of holidays for organised societies?

Lord E. PERCY: There is no schedule of organised societies.

Mr. PALING: Is it not a fact that they are allowed a certain number of holidays in each year and that local authorities have to work within that schedule?

Lord E. PERCY: No.

Mr. SHEPHERD: As this was an important event in young children's lives, should they not have been allowed to attend such a gala?

SCHOOL CHILDREN (VISIT TO RUSSIA).

12. **Sir F. HALL** asked the President of the Board of Education what action has been taken by the local education authorities concerned in connection with the absence from their respective schools of the six children who have gone to Russia to receive instructions in revolutionary propaganda work; and whether he has made any representations to those authorities on the matter?

Lord E. PERCY: I do not know whether any of the authorities concerned have taken any action in this matter. I have made no representations to them.

Sir F. HALL: Is the right hon. Gentleman aware who is bearing the cost of this expedition?

Lord E. PERCY: No.

**COMMITTEE ON EDUCATION AND INDUSTRY
(RECOMMENDATIONS).**

7. Mr. VIANI asked the President of the Board of Education whether he has considered the Report of the Committee on Education and Industry; and, if so, whether it is his intention to put into operation any of the recommendations suggested therein?

Lord E. PERCY: I am afraid I could not make a statement on this subject within the limits of an answer to a question. The Government's attitude towards these recommendations was explained in another place on 9th March, and a statement on one point was made in this House by the Parliamentary Secretary of the Board on 24th March.

POOR LAW.

INSTITUTIONS (CHILDREN).

13. Colonel DAY asked the Minister of Health whether there have been any recent cases in which notices have been served by inspectors of his Department on guardians prohibiting the guardians keeping children in institutions which are under the control of the Ministry?

The MINISTER of HEALTH (Mr. Chamberlain): My officers regularly draw the attention of boards of guardians to any instances in which they may find children retained in an institution contrary to the provisions of the Poor Law Institutions Order, 1913. It is not, however, any part of their duty to serve anything in the nature of formal notices on a board of guardians in this connection. An Order requiring a board of guardians to provide alternative and separate accommodation for the children receiving institutional relief from them was made by me in the case of one union last year.

Colonel DAY: Can the right hon. Gentleman give the union?

Mr. CHAMBERLAIN: Helston.

Colonel DAY: Is he aware that reports have appeared to the effect that the Minister of Health has served notices on the Cardigan Board of Guardians that 30 children under 14 years of age have to be removed from the workhouse; and will he make an investigation into the matter?

GISBOROUGH UNION (CASUALS).

15. Mr. SHEPHERD asked the Minister of Health whether he is aware that an inspector of his Department has recently informed the Gisborough Board of Guardians that they must not discharge casuals from the workhouse on Sundays; and whether this is in accordance with Regulations?

Mr. CHAMBERLAIN: The inspector has informed the guardians that they should see that better compliance with the Regulations is enforced. The Casual Poor Act, 1882, and the Casual Poor (Relief) Order, 1925, provide that a casual may not discharge himself on Sunday unless there are special circumstances which, in the opinion of the master, require that he should be discharged on that day.

Mr. SHEPHERD: May I take it that boards of guardians have discretionary powers to keep these men in?

Mr. CHAMBERLAIN: It is not a question of the board of guardians. It is within the discretion of the master of the workhouse.

SMALL-POX AND VACCINATION.

14. Mr. BARKER asked the Minister of Health the number of persons vaccinated in the years 1924, 1925, and 1926, and the number of deaths, if any, certified to be the result of vaccination in the years referred to?

Mr. CHAMBERLAIN: With the hon. Member's permission, I will circulate such particulars as are available in the OFFICIAL REPORT.

Following are the particulars:

No information is available of the total number of persons vaccinated in these years, but the following statement shows the number of certificates of successful primary vaccination of children under 14 years of age received by the vaccination officers in England and Wales:

Calendar Year:

1924	...	...	...	401,765
1925	...	...	...	348,552
1926	...	...	...	358,245

The numbers of successful re-vaccinations performed at the cost of the rates were as follow:

Year ended 30th September:

1924	...	...	...	89,600
1925	...	...	...	40,939
1926	...	...	...	54,221

The following statement gives the numbers of deaths in these years classified to (a) vaccination, and (b) other causes associated with vaccination:

Year	(a)	(b)
1924
1925
1926

16. **Dr. VERNON DAVIES** asked the Minister of Health the monthly return of the number of small-pox cases certified in England and Wales, including London, from January, 1927; and the number of districts in which these cases have occurred?

Mr. CHAMBERLAIN: As the answer involves a number of figures, I will, with my hon. Friend's permission, circulate it in the OFFICIAL REPORT.

Following is the answer:

Small-pox cases notified in England and Wales.

Cases notified.

During the 4 weeks ended:	
29th January	...
27th February	...
During the 5 weeks ended:	
2nd April	...
During the 4 weeks ended:	
30th April	...
28th May	...
During the 5 weeks ended:	
2nd July	...

These cases occurred in 214 sanitary districts. The figures are subject to revision.

GOVERNMENT DEPARTMENTS.

AIR MINISTRY.

20. **Mr. ERNEST BROWN** asked the Secretary of State for Air whether he is aware that a non-service man with no flying experience, whose employment

prior to going to the Air Ministry had been at the Board of Education, was recently appointed to the post of Deputy-Director of Civil Aviation; whether he considers flying experience an essential qualification for such a position; and whether he will give an assurance that in filling the now vacant post of Deputy-Director of Civil Aviation in Egypt the post shall not be given to a non-service man, but to one who has actually been a flying officer?

The UNDER-SECRETARY of STATE for AIR (Sir Philip Sassoon): No new appointment has recently been made to a senior post in the Directorate of Civil Aviation at the Air Ministry, but there has been a certain measure of reorganisation and redistribution of the existing staff and duties, which have been accompanied by certain changes in nomenclature. The gentleman who now holds the appointment of Deputy-Director of Civil Aviation, the duties of which are administrative rather than technical, has for some years past been one of the senior officials of the Directorate of Civil Aviation, and I consider him fully qualified to carry out the duties of his appointment.

I may add that in addition to wide administrative experience he is, though not a pilot, well acquainted with the principal civil aviation routes of Europe, over many of which he has made frequent flights. As regards the last part of the question, I am not clear to what appointment the hon. Member refers, but it would appear to be one which falls within the province of the Egyptian Government and not of my Department.

Mr. BROWN: Is the Under-Secretary aware that a number of service men have an idea that the policy of the Minister of Air is biased against them, and can he give us an assurance that service will not be counted against people making application for posts of this kind? Does he not think it is essential, for posts of this kind, that men should have actual experience in the air, whether civil or military, before he takes charge of a branch in which young lives are at stake?

Sir P. SASSOON: It is difficult to answer so many questions at once. This is not a new appointment, as the gentleman has been in the Air Ministry for

[Sir P. Sassoon.]
several years, and it is only due to the reorganisation that he receives a different title.

Lieut.-Commander KENWORTHY: If the person in question cannot fly, why should he have this post?

Captain CROOKSHANK: Does reorganisation involve any reduction in administrative costs?

Sir P. SASSOON: We always hope so. And this reorganisation has been carried out with this particular object in view.

Captain GARRO-JONES: Can the Under-Secretary give us an assurance that in the Air Service, where so many short-service commissioned officers are being dismissed every year, that no administrative posts shall be filled by any but ex-flying officers?

Sir P. SASSOON: That does not apply in this case.

Captain GARRO-JONES: No, but I am asking whether he can give us an undertaking in the general sense.

Sir P. SASSOON: Perhaps the hon. and gallant Member will put down a Question.

MINISTRIES (RE-ORGANISATION).

45. **Mr. LAWSON** asked the Prime Minister whether he has reconsidered the previously announced policy of the Government in respect to the Ministry of Transport, Mines Department, and the Department of Overseas Trade; and whether he will make a statement on the matter?

The PRIME MINISTER: I am not yet in a position to add anything to the replies which I have already given to questions on this subject.

Mr. LAWSON: Is there any truth in the statements made very definitely in the Press that there is a decision to retain the Ministry of Transport and the Overseas Trade Department?

The PRIME MINISTER: I have not seen those statements myself, and I should advise the hon. Member to wait until we make an announcement.

Mr. PALING: Is the right hon. Gentleman aware that a discussion on

the Mines Department is due to take place at an early date—I think next week—and can he see his way to make a statement before that discussion takes place?

The PRIME MINISTER: I will bear that in mind.

Mr. HARRIS: Will the present Ministers still be in charge of these Departments in the Autumn Session; and are we still to send communications to them then?

The PRIME MINISTER: That is rather a hypothetical question. I think it is probable that whatever legislation may be required will be taken in the Autumn Session.

Mr. LAWSON: Before any decision is made to dissolve the Mines Department, will the right hon. Gentleman take into consideration the grave conditions prevailing in the mining industry and the need for a separate Department?

Mr. T. WILLIAMS: Will the right hon. Gentleman also bear in mind the fact that, even to-day, we are unable to get necessary information concerning the mines of Great Britain?

Mr. R. MORRISON: Does the right hon. Gentleman anticipate being in a position to make a full statement in regard to the three Departments before the House rises?

The PRIME MINISTER: That I think is extremely doubtful.

Sir J. NALL: Is the right hon. Gentleman aware of the overlapping between the Ministry of Transport and the Home Office in regard to the constantly recurring question of safety on the roads; and is there not urgent necessity that all matters concerning safety on the roads should be consolidated under the Home Office?

The PRIME MINISTER: It is of course questions like that which take time.

Captain GARRO-JONES: Does the right hon. Gentleman mean that the officers of these Departments are to be kept in prolonged suspense as to their future, and in view of that suspense will he not expedite his decision?

The PRIME MINISTER: We are being as quick as we can, and the disability to which the hon. and gallant Member refers is inevitable in the circumstances.

TRADE AND COMMERCE.

VEGETABLE OILS (EXPORTS TO PORTUGAL).

22. Mr. LUMLEY asked the President of the Board of Trade what was the value and amount of the exports of edible vegetable oils from this country to Portugal in each of the last three years?

The PRESIDENT of the BOARD of TRADE (Sir Philip Cunliffe-Lister): The exports of edible vegetable oils refined in the United Kingdom and consigned to Portugal amounted in 1924 to 53 tons, valued at £2,750; in 1925 to 63 tons valued at £3,006; and in 1926 to 1,007 tons valued at £41,757.

Mr. LUMLEY: Is the right hon. Gentleman aware that this welcome increase in the activity of this industry will be seriously affected by the recent flag discrimination decree of the Portuguese Government?

Sir P. CUNLIFFE-LISTER: That was dealt with yesterday, and strong representations were made to the Portuguese Government, but, I regret to say, without success.

MOTOR SPIRIT (IMPORTS).

23. Lieut.-Colonel HOWARD-BURY asked the President of the Board of Trade whether he can give the figures for the amount of petrol imported into this country in 1913 and 1926, respectively; and what amounts came from the Russian oilfields in 1913 and 1926, respectively?

Sir P. CUNLIFFE-LISTER: 101 million gallons of motor spirit were imported into Great Britain and Ireland in 1913, of which 14.9 million gallons were consigned from Russia. In 1926, 562 million gallons were imported into Great Britain and Northern Ireland, of which 55.2 million gallons were consigned from the Union of Socialist Soviet Republics.

Mr. PALING: May I ask whether the recent propaganda against the consumption of Russian oil has had any effect on the importation of oil into this country?

Sir P. CUNLIFFE-LISTER: I have no statistical information.

BURNHOUSE, CARRON, STIRLING-SHIRE.

26. Mr. JOHNSTON asked the Secretary of State for Scotland whether he is aware that the long-promised repairs necessary to make the Burnhouse, Carron, Stirlingshire, habitable have not yet been commenced; and whether he can take any steps to expedite matters?

The SECRETARY of STATE for SCOTLAND (Sir John Gilmour): I understand that the contract for the repairs to be carried out on this house has been placed with a contractor. The work has not yet, however, been commenced owing to the inclement weather making it impracticable to transport the material to this out-of-the-way site.

BRITISH ARMY.

INFANTRY AND CAVALRY BATTALIONS (Cost).

27. Lieut.-Commander KENWORTHY asked the Secretary of State for War the approximate annual cost to the State of a soldier, infantry and cavalry, respectively, when with the colours and stationed in Great Britain?

The SECRETARY of STATE for WAR (Sir Laming Worthington-Evans): The hon. and gallant Member will find on pages 264 and 265 of the current Army Estimates an estimate of the annual effective cost of a cavalry regiment and an infantry battalion when stationed at home and the establishment to which the estimate relates.

Lieut.-Commander KENWORTHY: Is the right hon. Gentleman aware that these figures would include among other expenses which I do not wish to reckon the officers' pay and that kind of thing, and could he not send me, later on, the exact figures for which I have asked him?

Sir L. WORTHINGTON-EVANS: I want to give the hon. and gallant Gentleman the information for which he has asked, but if I were to tell him that the approximate figure is £125 a year I would mislead him, because in the case of the cavalry soldier the cost of the horse must be taken into account. If he looks at the pages, to which I have

[Sir Worthington-Evans.] referred him, he will see that the whole cost has been set out in detail, and he can take out and use what he likes of the various figures.

TANKS.

25. **Lieut.-Commander KENWORTHY** asked the Secretary of State for War what types of tanks are in use and under construction for His Majesty's Army; and what is the first cost of each type?

Sir L. WORTHINGTON-EVANS: The present standard tanks in use are the Mark I, Mark IA and Mark II light tanks. The average cost of these three marks varies slightly, but, excluding the guns, is approximately £7,700. Apart from these, there are some tanks of war-time manufacture which are gradually being replaced as opportunity offers. It would not be in the public interest to give information as to the types of tanks which are under trial and have not yet been adopted into the service.

Lieut.-Commander KENWORTHY: Is the right hon. Gentleman aware that a tank of small size known as the Merlin Morris tank costs £400?

Sir L. WORTHINGTON-EVANS: I am aware that there are some one-man and two-men tanks, and they are being tried out now. I do know their cost.

INDIA.

MARITIME STATES, KATHIAWAR PENINSULA (CONFERENCE).

31. **Colonel DAY** asked the Under-Secretary of State for India whether he has received a report of the conference which took place at Mount Abu, on 27th June, between the representatives of the Government of India and the maritime States in the Kathiawar Peninsula; whether he will give the names of the States chiefly concerned which were represented at the conference; whether any decisions were arrived at; and can he make a statement?

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): My Noble Friend is aware that at the recent conference held at Mount Abu an agreement

was not reached, but as a full report of the proceedings has not yet been received I am not in a position to make a statement. The States chiefly concerned were Nawangar, Morvi, Junagadh, Porbandar and Baroda.

Colonel DAY: Is the Noble Lord in a position to say if the Report will be published?

Earl WINTERTON: I am not in a position to state at the moment whether the Report of the proceedings will be published or not.

BRITISH COLONIES (AGENTS).

36. **Mr. SPOOR** asked the Under-Secretary of State for India whether the Government of India are at present considering the proposal to appoint agents in British Colonies like Kenya, Trinidad, and others, to which Indians have emigrated and settled in large numbers, on the same lines as the appointment of the right hon. V. S. Srinivasa Sastri to South Africa?

Earl WINTERTON: Agents have been appointed in Ceylon and British Malaya. I understand that the question of appointing agents in certain other Colonies is under consideration of the Government of India.

SEAMEN'S UNEMPLOYMENT INSURANCE.

37. **Mr. SPOOR** asked the Under-Secretary of State for India what action has been taken by the Government of India in regard to the recommendation of the Geneva International Labour Conference of 1920, urging the introduction of a system of seamen's unemployment insurance?

Earl WINTERTON: The recommendation was laid before the Indian Legislature, which recommended that no action should be taken.

TEXTILE TARIFF BOARD.

38. **Mr. SNELL** asked the Under-Secretary of State for India how many meetings were held by the special tariff board on the textile industry; how long the inquiry lasted; and whether any of the principal suggestions either of the majority or of the minority Reports have been accepted by the Government of India?

Earl WINTERTON: The number of meetings was 40. The inquiry began on the 5th July, 1926, and the Report was signed on the 21st January, 1927. The Government of India have announced their intention of introducing in the next Session of the Legislative Assembly legislation for the removal of duties on machinery and certain mill stores. They have declined to accept the recommendation that the spinning of the higher counts of yarn should be stimulated by the grant of a bounty, and have decided to propose no alteration in the import duties on cotton manufacture. Other recommendations of the tariff board are under consideration. A copy of the Report and of a Resolution published by the Government of India containing their decisions will be placed in the Library of the House.

STATUTORY COMMISSION.

39. **Mr. SNELL** asked the Under-Secretary of State for India whether, in view of the questionnaire which has been circulated amongst European Government officials in India, in which they are asked to indicate before the sitting of the Statutory Commission whether they have any intention of resigning their services and retiring on proportionate pensions, it is the intention of the Government to appoint the Statutory Commission in time to sit during the next cold weather?

Earl WINTERTON: I know nothing of any such questionnaire; I am not in a position to make any statement about the Commission in extension of what I have said in reply to previous questions and in my speeches on the Whitsuntide Adjournment on the 2nd June and in Committee of Supply on the 17th June.

42. **Mr. JOHNSTON** asked the Under-Secretary of State for India whether he has received any representation on the subject of the Statutory Commission on Indian Constitutional Reforms from a body called the Indian Farmers' and Peasants' Federation, Ahmadabad; and, if so, whether he will give the terms of the representation?

Earl WINTERTON: Yes, Sir. The representation urged including in the personnel of the Commission a person with intimate knowledge of the needs of agriculturalists, and instructing the Commission to secure a scheme of Government

which should be not merely responsible, but also should conserve the needs and interests and the educational, economic, social and political well-being of the Indian peoples.

OPIUM CONSUMPTION (BENGAL).

40. **Mr. THURTL** asked the Under-Secretary of State for India whether the Opium Committee recently appointed to make a special investigation regarding the consumption of opium in Bengal is taking evidence only with regard to the consumption of opium in that province; and whether it is proposed to appoint similar committees to deal with the consumption of opium in other provinces?

Earl WINTERTON: The answer to the first part of the question is in the affirmative. My Noble Friend has no information regarding the appointment of similar Committees by other Provincial Governments.

BRITISH ARMY OFFICERS.

41. **Mr. THURTL** asked the Under-Secretary of State for India whether the Government have reached a decision on the proposed arrangement whereby British officers whose units are not borne on Indian establishment but who are in staff or extra-regimental employ in India will, on the termination of their employment in this capacity, be returned to England, and, notwithstanding that they may be temporarily attached, pending absorption, to units on the Imperial establishment, their pay and allowances will continue to be borne on Indian revenues; and whether the proposed scheme contains any provision for the repayment to the Government of India by His Majesty's Government for the services received in cases where British officers returned to this country under the scheme are temporarily attached to Imperial units?

Earl WINTERTON: It has recently been decided that such officers, if further temporary employment cannot be found for them in India, shall be sent home for attachment to their own units. This does not affect the incidence of their pay for which Indian revenues have always been liable until a vacancy occurs in the establishment of their unit in which they can be employed.

Mr. THURTLÉ: Am I to take it from that reply that officers may be employed upon duties here at home, while the cost of such officers has to be borne by the Indian revenues?

Earl WINTERTON: I think I can, without trespassing on the time of the House, explain the situation. An officer lent by the British Army to the Government of India for staff duty, when he has ceased to hold those duties is often surplus to the establishment of the unit to which he belongs. Therefore, he cannot be absorbed in that unit until there is a vacancy. The salaries of these officers are, therefore, chargeable to the revenues of India; but it is cheaper to the revenues of India that the officers should come to this country than that they should remain in India where they receive higher rates of pay. Consequently the change results in an economy for the finances of India. It does not impose any further burden, but has rather the opposite effect.

ACCOUNTANTS AND AUDITORS (STATUS).

43. Mr. WALLHEAD asked the Under-Secretary of State for India whether the Government of India are at present giving consideration to the question of improving the professional status of accountants and auditors in India; and when a decision on this matter may be expected?

Earl WINTERTON: I have no information, but if the hon. Member has any suggestion to make, the question of communicating it to the Government of India will be considered.

PALESTINE (MAVROMMATIS CONCESSION).

44. Lieut.-Commander KENWORTHY asked the Secretary of State for Foreign Affairs whether the Greek Government has submitted a case to the Permanent Court of International Justice at The Hague concerning the Mavrommatis concession for the supply of water and electric power in Palestine by the British Government in its capacity of mandatory in Palestine; whether His Majesty's Government is entering an appearance at the Court; and whether the Court is recognised as having jurisdiction in this case?

The SECRETARY of STATE for the COLONIES (Mr. Amery): The answer to the first and second parts of the question is in the affirmative. I am not at present in a position to reply to the last part of the question.

Lieut. - Commander KENWORTHY: Will the right hon. Gentleman let me know when he is able to reply to the last part of the question?

Mr. AMERY: Yes.

RUSSIA.

COMMAND PAPER (SIGNATURE).

46. Mr. PONSONBY asked the Secretary of State for Foreign Affairs whether he will explain why the despatch printed on pages 28 and 29 of Command Paper 2895, Russia No. 3 (1927), appears over the signature of J. Ramsay MacDonald, in view of the fact that the original document was signed by a Departmental head in the Foreign Office in the absence of the Secretary of State; and why, if this alteration was to be made, the consent of an ex-Secretary of State for Foreign Affairs was not obtained before his name was made use of in this way?

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): It is the ordinary routine practice of the Foreign Office in printing, either for Departmental use or publication, a note or despatch purporting to be written by the Secretary of State, to print his signature, without consultation with him, even though the document may have been signed by an Under-Secretary or head of Department on his behalf.

The usual practice was followed in this case, but my right hon. Friend the Secretary of State, entirely agrees that this was a mistake. The special circumstances of the case called for exceptional treatment and my right hon. Friend desires me to express to the right hon. Gentleman the Leader of the Opposition his regret that this was not noticed at the time of printing. He trusts that this explanation will remove any annoyance caused to the right hon. Gentleman by the oversight.

Mr. PONSONBY: While thanking the hon. Gentleman for his answer, may I

ask whether it would be possible for the correct signature to this document to be printed in a re-issue of this Paper in order that those who are referring to this document in future may see precisely what the circumstances were?

Mr. LOCKER-LAMPSON: Certainly, in any reprint that will be done.

Colonel DAY: Is it not possible, in the case of those books which have not been already distributed, for a copy of the question and answer to be put in the back of the book?

Mr. LOCKER-LAMPSON: I think the question and answer in this House will be quite sufficient notice.

BRITISH SUBJECTS.

47. **Lieut. - Colonel HOWARD - BURY** asked the Secretary of State for Foreign Affairs whether he has any information as to the number of British subjects at present in prison in Russia and as to whether any British subjects have been put to death since the breaking off of relations?

Mr. LOCKER-LAMPSON: So far as I am aware, no British subjects are at present imprisoned in Russia, nor have any British subjects been executed since the suspension of relations.

Mr. E. BROWN: Can the hon. Gentleman inform the House through what channels he gets his information now?

Mr. LOCKER-LAMPSON: We are represented, as the hon. Gentleman knows, by the Norwegian Government, and we get our information through them.

Mr. BROWN: May I ask if the hon. Member has had any recent information bearing upon this point?

Mr. LOCKER-LAMPSON: Yes, it is recent information that I have given to the House.

Mr. BROWN: May I ask how recent? What is the latest date?

Mr. SPEAKER: Any question as to the date ought to be put down.

Mr. BROWN: With all deference, Sir, this is a very important matter, especially to all of us who represent constituencies on the east coast, where they are very

much disturbed because of this breaking-off of relations. We would like to know what is the latest date of the information which the Minister has given to us.

Mr. SPEAKER: If the question is so important, it had better be promptly put on the Paper.

Mr. BROWN: I will do that.

Mr. THURTLÉ: Can the hon. Gentleman say whether the Norwegian Government are the only source the British Government have at present of obtaining information from Russia?

HON. MEMBERS: Ah!

Mr. LOCKER-LAMPSON: I have already explained that the Norwegian Government are representing British interests in Russia, and that is the source of our information.

Mr. PALING: Is it usual in cases where diplomatic relations are broken off to use the Secret Service for getting this information?

HUNGARY AND RUMANIA.

48. **Sir ROBERT GOWER** asked the Secretary of State for Foreign Affairs if there is any prospect of the Hungarian-Rumanian question now before the League of Nations, and committed to him with the Japanese and Chilian representatives for inquiry, being reported upon to the Council at its next session; if not, what is the cause of the delay; and, if there is any difficulty in the presentation of a Report, whether steps will be taken to submit the matter forthwith to the Permanent Court of International Justice?

Mr. LOCKER-LAMPSON: The Committee over which my right hon. Friend the Secretary of State presided thought it necessary that further time should be given for the representatives of both States to consult their Governments, and they therefore advised an adjournment until September. The Council approved their proposal, and the committee will make a further Report in September. It would be improper, as it is in fact impossible, to say what that Report is likely to contain.

ROYAL NAVY (WELFARE REQUESTS).

49. Mr. ROBINSON asked the First Lord of the Admiralty how many of the 58 requests put forward by the 1926 Welfare Conference were approved; how many were not approved; how many were partially approved; the number still under consideration; and if he will furnish particulars of the general requests that were approved, with an estimate of the cost?

The FINANCIAL SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): Of the 58 requests, three were approved, 39 were not approved, two were partly approved and eight are under consideration. The replies to the remaining six requests, namely numbers 3, 20, 21, 31, 33 and 50, cannot be classified.

No cost was involved by the granting of three of the general requests, which were:—

16. That the wearing of lanyards during working hours be discontinued.

32. That bread should be supplied to destroyers with the Fleet from ships equipped with a bakery. This applies particularly to destroyers serving in northern waters.

53. That the Admiralty approach the Board of Trade with a view to ascertaining whether the certificate of the higher technical test in navigational subjects can be given a definite professional value under the Board of Trade.

BUSINESS OF THE HOUSE.

Mr. CLYNES: May I ask the right hon. Gentleman if he can inform us what business is to be taken next week?

The PRIME MINISTER: Monday, Tuesday, Wednesday and Thursday—Supply: Committee.

On Monday the Foreign Office Vote will be taken, and there will be a debate on Disarmament during the day.

On Tuesday, the Department of Mines Vote, on which the mining situation will be discussed.

On Wednesday, the Ministry of Pensions Vote.

The Vote for Thursday is not yet settled, but that and the business for Friday will be announced later.

On each day small Orders will be taken as and when occasion arises.

Ordered,

“That other Government business have precedence this day of the Business of Supply.”—[*The Prime Minister.*]

NAVY AND AIR EXPENDITURE, 1925-26.

Committee to consider the surpluses and deficits upon Navy and Air Grants for 1925-26 and the application of surpluses to meet Expenditure not provided for in the Grants for that year. Monday next.—[*Commander Eyres Monsell.*]

Ordered, That the Appropriation Accounts for the Navy and Air Departments, which were presented upon the 4th March and 23rd February last respectively, be referred to the Committee.—[*Commander Eyres Monsell.*]

PROVISIONAL ORDER BILLS [Lords].

(Standing Orders applicable thereto complied with),—

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bill, brought from the Lords and referred on the First Reading thereof, the Standing Orders which are applicable thereto have been complied with, namely:

Ministry of Health Provisional Orders Confirmation (No. 8) Bill [Lords].

Bill to be read a Second time Tomorrow.

(No Standing Orders applicable),—

Mr. SPEAKER laid upon the Table Report from one of the Examiners of Petitions for Private Bills, That, in the case of the following Bill, brought from the Lords, and referred on the First Reading thereof, no Standing Orders are applicable, namely:

Ministry of Health Provisional Orders Confirmation (No. 7) Bill [Lords].

Bill to be read a Second time Tomorrow.

SELECTION (STANDING COMMITTEES).

STANDING COMMITTEE A.

Mr. WILLIAM NICHOLSON reported from the Committee of Selection; That they had discharged the following Member from Standing Committee A: Major Elliot; and had appointed in substitution: The Solicitor-General for Scotland.

Report to lie upon the Table.

MESSAGE FROM THE LORDS,

That they have agreed to,—

Ministry of Health Provisional Orders (No. 4) Bill,

Ministry of Health Provisional Orders (No. 5) Bill,

Pier and Harbour Provisional Orders (No. 1) Bill,

Sheffield Corporation Tramways Provisional Order Bill,

Cardiff Corporation Tramways Provisional Order Bill, without Amendment.

That they have passed a Bill, intituled, "An Act to confirm certain Provisional Orders of the Minister of Health relating to Essex, Port Talbot, Shoreham-by-Sea, and Southend-on-Sea." [Ministry of Health Provisional Orders Confirmation (No. 11) Bill [*Lords*].]

MINISTRY OF HEALTH PROVISIONAL ORDERS CONFIRMATION (No. 11) BILL [*Lords*].

Read the First time; and referred to the Examiners of Petitions for Private Bills, and to be printed. [Bill 169.]

WRITTEN ANSWERS.

CONTRIBUTORY PENSIONS ACT (WIDOWS, SOUTHWARK).

Colonel DAY asked the Minister of Health the number of widows in receipt of pensions under the Act of 1925 in each of the Parliamentary divisions in the Borough of Southwark, respectively, giving the average weekly amount paid to them?

Mr. CHAMBERLAIN: The information asked for is not available, as the claims are not arranged on a territorial basis.

INDIA.

POSTERS AND PAMPHLETS, DELHI.

Mr. DUNNICO asked the Under-Secretary of State for India whether his attention has been drawn to the Order under Section 144 of the Criminal Procedure Code issued by the district magistrate of Delhi prohibiting, within the limits of the Delhi district, the printing or publication of any posters or pamphlets other than *bona fide* trade advertisements, unless and until they shall have been submitted to and approved by him; and whether this Order has the approval of the Government of India and of the Secretary of State?

Earl WINTERTON: The answer to both parts of the question is in the affirmative. To this Order is in large measure to be attributed the successful maintenance of peace in Delhi City and district during the recent Bakrid. For some months past communal feeling between Hindus and Moslems in Delhi has been running very high, and to this a contributory factor has been the flood of inflammatory posters and pamphlets with which the city had been deluged by irresponsible zealots on either side. The Order was issued on 26th May and will remain in force for two months, thereby covering not only the Bakrid but also the Muharram.

LEAGUE AGAINST IMPERIALISM.

Mr. SCURR asked the Under-Secretary of State for India the reason for the Government of India proscribing under the Sea Customs Act literature emanating from the World League against Imperialism or the League against Imperialism?

Earl WINTERTON: The Government of India have not stated the reasons for their action; but I have no doubt that these were their knowledge of the aims and activities of the league, and of the nature of its publications.

CHOLERA AND SMALL-POX.

Mr. DUNNICO asked the Under-Secretary of State for India for the latest returns of the prevalence of

cholera and small-pox in Bengal and Bombay; the most recent figures of the number attacked and of the number of deaths; and whether the position is improving?

Earl WINTERTON: The most recent statistics of reported attacks and deaths from cholera and small-pox in the two provinces named relate to the week ended 14th May, and are as follow:

	Cholera.		Small-pox.	
	Attacks.	Deaths.	Attacks.	Deaths.
Bombay	1,418*	636†	593	131
Bengal	900	494	1,503	379

* Including 399 attacks which occurred previously but which were reported during the week.

† Including 190 deaths which occurred previously but which were reported during the week.

The corresponding figures for the two previous weeks are as follows:

	Cholera.		Small-pox.	
	Attacks.	Deaths.	Attacks.	Deaths.
Bombay—				
Week ended 30th April, 1927	2,195*	979†	820	137
„ 7th May, 1927	2,198‡	940§	744	123
Bengal—				
Week ended 30th April, 1927	1,210	645	2,393	601
„ 7th May, 1927	847	506	1,776	513

* Including 859 attacks which occurred previously but were reported during the week.

† Including 425 deaths which occurred previously but were reported during the week.

‡ Including 898 attacks which occurred previously but were reported during the week.

§ Including 372 deaths which occurred previously but were reported during the week.

According to later Press reports which I have seen, the cholera epidemic in the southern part of the Bombay Presidency is abating, and the position has been steadily improving each week.

MOHMAND DISTURBANCES.

Mr. SCURR asked the Under-Secretary of State for India whether he can give particulars of the attack made by Upper Mohmand clans on the night of 5th and 6th May on friendly Mohmand tribes holding the blockhouses in the vicinity of Shabkadar and Niehni posts; and whether he can give particulars of the bombing by the Royal Air Force Northern Command on 6th and 7th May?

Earl WINTERTON: The Mohmand disturbances to which the hon. Member refers took place early in June, and a full official report has not yet been received. The available information shows that the hostile Mohmands, who num-

bered between one and two thousand, opened fire on the blockade line close to Shabkadar early on 6th June. Bombing operations were begun on the evening of the same day by squadrons of No. 1 and No. 2 Indian Wings, Royal Air Force, and the hostile concentrations were dispersed by the morning of the 8th June. The casualties inflicted are believed to have numbered between 20 and 50.

AIR SERVICES (BASRA-KARACHI).

Colonel DAY asked the Secretary of State for Air whether investigations are taking place or are contemplated for an alternative air route from Basra to Karachi?

Sir S. HOARE: The question of an alternative air route is under investigation.

BRITISH ARMY.**ALDERSHOT (STATUS).**

Mr. SCURR asked the Secretary of State for War whether His Majesty's Government have had under consideration any proposal to transfer the base of the Expeditionary Force from Aldershot; and can he make a statement on the matter?

Sir L. WORTHINGTON-EVANS: There is no intention of changing the status of Aldershot as one of the chief training centres of the Army. It is not the base of the Expeditionary Force in the military sense of the term.

MEAT SUPPLY.

Lieut.-Colonel GAULT asked the Secretary of State for War whether, in view of the present depressed state of agriculture, he is prepared to return to the pre-War practice of his Department and supply a proportionate amount of English meat for the consumption of the Army?

Sir L. WORTHINGTON-EVANS: I regret that on the ground of increased expense, estimated at £500,000, it is not possible to supply English meat to the troops.

COAL MINING INDUSTRY.**HAULAGE (STATISTICS).**

Mr. HARDIE asked the Secretary for Mines the average underground haulage cost per ton of coal in the longest distance to be traversed and also that of the shortest; and the average haulage distance in our mines?

Colonel LANE FOX: According to information supplied by the Mining Association to the recent Royal Commission, the average haulage distance in October, 1925, in British mines was '92 of a mile. I regret that the other figures asked for are not available, but the hon. Member will find some general information on the subject in Tables 2 and 3 of Appendix 26 in Volume 3 of the Commission's Report.

WHEELLESS TUBS.

Mr. HARDIE asked the Secretary for Mines if he has any information showing the extent to which wheelless tubs are used in coal mines on the Continent?

No. 95

Colonel LANE FOX: I regret that I have no such information.

AFFORESTATION (SCOTLAND).

Sir A. SINCLAIR asked the hon. Member for Monmouth, as representing the Forestry Commissioners, whether the survey recently carried out by the Forestry Commission is now available to the public; how much land in Scotland, in addition to that already afforested, is believed by the Forestry Commission to be capable of afforestation; and whether he is in a position to give this information county by county?

Sir L. FORESTIER-WALKER: A summary of the preliminary results of the survey or census of woodlands was published in the Commissioners' 7th Annual Report. The area of afforestable land in Scotland is not known with any approach to precision. The Commissioners have not been in a position to carry out a systematic survey of the whole country.

Sir A. SINCLAIR asked the hon. Member for Monmouth, as representing the Forestry Commissioners, how many acres of land in Scotland have been planted since 1919 by the Forestry Commission and by private individuals in Scotland, respectively; and how much additional land in Scotland it is estimated will be planted by the Forestry Commission in the remaining part of its 10 years' programme?

Sir L. FORESTIER-WALKER: 30,466 acres in Scotland have been planted since 1919 by the Forestry Commission. It is estimated that over the same period private individuals in Scotland have planted 46,000 acres, of which 36,000 were planted with the assistance of grants by the Forestry Commission. It is estimated that approximately 14,000 additional acres in Scotland will be planted by the Commission during the remainder of its first decade.

Sir A. SINCLAIR asked the hon. Member for Monmouth, as representing the Forestry Commissioners, if he is in a position to state the total acreage of afforested land in Scotland; the total acreage under the control and supervision of the Forestry Commission; the total amount of land owned by the

Forestry Commission; and if he will state in each case how much of the area is economic woodland?

Sir L. FORESTIER-WALKER: The preliminary figures for the census of woodland, 1924, show that the total area which is, or has been, woodland in recent years is 1,074,200 acres, but of that total 558,000 acres only are economic woodland (high forest and coppice), the remainder being scrub, felled areas and amenity woodland. The total area of land in Scotland owned by the Forestry Commission amounts to 245,500 acres, of which 109,000 are plantable or planted; of the latter, approximately 34,500 acres are economic woodland, being the land planted by the Commission together with areas under young plantations and under marketable timber acquired by the Commission. The Commission do not control or supervise any areas other than those acquired by them.

OPIUM.

Mr. CAMPBELL asked the Secretary of State for the Colonies what proportion of the revenues of the Straits Settlements, Federated Malay States, North Borneo, and Brunei, respectively, was derived directly or indirectly from opium in the last year for which figures are available?

Mr. AMERY: The latest year for which I have complete information as to the proportion to the total revenue of the net revenue derived directly or indirectly from opium, is 1925. The figures are as follows:

	Per cent.
Straits Settlements ...	37.06
Federated Malay States ...	13.4
North Borneo ...	24.44
Brunei ...	20.8

GOVERNMENT DEPARTMENTS (PART-TIME).

Lord APSLEY asked the Financial Secretary to the Treasury the number of civil servants, including tax collectors and clerks to Income Tax Commissioners, now on part-time work only or in temporary employment; and the approximate cost of the salaries of such men for the past three years?

Mr. McNEILL: The total number of part-time non-industrial civil servants is about 52,000, and the total number of other unestablished non-industrial civil servants is approximately 63,000. These figures cover men and women. Figures are not available showing separately the cost of part-time and unestablished staff.

INCOME TAX ASSESSMENT.

Lieut. - Commander KENWORTHY asked the Chancellor of the Exchequer for what period, prior to 5th April, 1927, Income Tax assessment is made; and whether he has sanctioned this action of the Inland Revenue authorities in pressing for payment of Income Tax for periods which are Statute-barred?

Mr. McNEILL: The time within which assessments to Income Tax may be made is laid down by Section 29 of the Finance Act, 1923, from which it will be seen that assessments could be made in the year 1926-27 (ending on the 5th April, 1927) for the year 1920-21 and subsequent years of assessment. This statutory time limit for assessment is, of course, not subject to modification. I am not aware of the circumstances of the case which the hon. and gallant Member has in mind, and in which it is alleged that the Inland Revenue authorities are pressing for payment of Income Tax for periods that are Statute-barred, but if he will furnish me with the necessary particulars, I will gladly have inquiry made into the matter, and will communicate the result to him in due course.

AGRICULTURE (LINLITHGOW COMMITTEE'S RECOMMENDATIONS).

Mr. FOOT MITCHELL asked the Minister of Agriculture if he is now able to state what action the Government has taken, or proposes to take, to give effect to the main recommendations of the Linlithgow Report?

Mr. GUINNESS: I would refer my hon. Friend to the reply I gave on 12th July, 1926, to a question addressed to me by my hon. Friend the Member for Stone (Mr. Lamb), which contains a lengthy statement of the action taken on the recommendations of the Linlithgow Committee to that date. As the whole of the

Ministry's marketing work is in consonance with the Committee's recommendations, it will, I hope, be sufficient for his purpose if I summarise briefly the main directions in which progress has since been made. The Horticultural Produce (Sales on Commission) Bill, the Markets and Fairs (Weighing of Cattle) Bill and the Merchandise Marks Bill are now Acts of Parliament. Reports since issued in the Ministry's Economic Series are (a) Marketing of Poultry, (b) Marketing of Pigs, (c) Marketing of Fruit, and (d) a Report on Markets and Fairs, the latter being pursuant to the Committee's recommendation that particulars of the control and ownership of the markets of the country and other relevant information should be collected and published. A detailed Report on the markets of the Midland Counties has been completed; reports on the marketing of other commodities are in hand. In addition, practical demonstrations of improved methods of marketing are being staged by the Ministry at a number of agricultural shows in the present summer and will be repeated at a number of centres later in the year. These demonstrations direct special attention to grading, packing and standardisation, the necessity for which the Committee was at pains to emphasise.

A recommendation of some importance was that the Ministry, in collaboration with curers, should make an authoritative pronouncement as to the best type of pig suitable for bacon production. This is now being done, for both pork and bacon, at the demonstrations referred to, in the sense that the Ministry has invited the representative organisations of curers and butchers to define their preferences in the matter of breeds and crosses and is exhibiting pigs selected by the trade as being best suited to the requirements of the market.

CYCLISTS (PROSECUTIONS).

Colonel DAY asked the Home Secretary the number of prosecutions that have taken place during the previous 12 months for riding bicycles furiously, and the penalties on each conviction?

Sir W. JOYNSON-HICKS: During the 12 months ended 31st May, 1927, there were 183 prosecutions in the Metropolitan Police District for riding pedal cycles furiously or to the common danger. Details of the results of these prosecutions could not be obtained and supplied without unjustifiable expenditure of labour and time.

ORDERS OF THE DAY.

FINANCE BILL.

Further considered in Committee,
[*Progress, 5th July*].

[Captain FITZROY in the Chair.]

NEW CLAUSE.—(*Repeal of Sugar Duties.*)

"As from the thirty-first day of August, nineteen hundred and twenty-seven, the duties chargeable upon sugar, molasses, glucose, and saccharin imposed by Sections four and five of the Finance Act, 1924, and the First Schedule to that Act shall cease."
—[*Mr. Dalton.*]

Brought up, and read the First time.

Mr. DALTON: I beg to move, "That the Clause be read a Second time."

This Clause, which stands in the name of myself and other hon. Members, is moved for the purpose of repealing the sugar duties.

Sir JOSEPH NALL: On a point of Order. I understand that the hon. Member is moving his new Clause. If it be desired, may we take the discussion on the refined sugar Clause at the same time, or will that come up later?

The DEPUTY-CHAIRMAN: That raises rather a different point, and, strictly speaking, the question would only be in order on the separate Clause; but, if it be for the convenience of the Committee that the two questions should be discussed together, that might be done.

Mr. HANNON: Do you mean, Sir, that after taking part in the Debate on this Clause I can move the new Clause later on?

The DEPUTY-CHAIRMAN: If the hon. Member took part in the Debate on this Clause and referred to the question raised in the other Clause definitely, I should not allow him to repeat his argument at a later stage.

Mr. HANNON: I should only formally move the Clause.

The DEPUTY-CHAIRMAN: If the hon. Member would like to have a Division, he could do so.

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): May I ask, Sir, whether you have considered whether the Clause to which the hon. Member refers would be out of order?

The DEPUTY-CHAIRMAN: I have considered it, and I thought it was not out of order.

Mr. DALTON: This Clause is a straightforward proposition for the repeal of the Sugar Duty, which, in our view, is the most indefensible one in the whole range of the British taxation system as it exists to-day. I would remind the Committee that since the War there has only been one occasion on which a substantial reduction has been made in the Sugar Duty. That was in 1924, when the Labour Government was in office, and when my right hon. Friend the Member for Colne Valley (Mr. Snowden) was Chancellor of the Exchequer. On that occasion a large reduction was made, of about two-thirds of the pre-existing Sugar Duty, with very beneficial results, both upon the price of sugar and upon employment in the sugar industry, to which I shall make a further reference later. It may be permissible to refer here to a speech which my right hon. Friend the ex-Chancellor of the Exchequer made some little while ago, in which he stated that, had the Labour Government continued in office for a second year, they would, in that year, have swept away the whole of the remaining Sugar Duty, and also the other duties upon food which still figure in our financial system. I think that the people of this country, when the time comes to judge of the comparative financial policies of the present Government and of its predecessor, will be interested to note that, whereas the Labour Government were pledged to complete their work of sweeping away the taxes on food, the present Government have done practically nothing in that direction.

The Sugar Duty is a duty to which we take objection, in the first place, because it is a very heavy tax upon a necessary of life. Sugar, however, is not only a necessary of life in the ordinary sense, but is also an ingredient and a raw material in a great number of other forms of manufacture in this country. A very large number of persons are employed in the industries connected with the making

of jam, chocolate, and the large number of other branches of economic life into which sugar enters as a very important ingredient in the process of manufacture. One might even go a little further afield, and point out that the glass bottle making industry, and a number of others, are very closely connected with the demand for sugar, and that, consequently, the effect of maintaining this tax upon sugar, and of keeping up the price of sugar as a result, has the effect of limiting consumption and limiting employment in a large number of industries making foods and other things into which sugar enters. We have already had the experience, as a result of the reduction made by my right hon. Friend the ex-Chancellor of the Exchequer, of the financial results of a reduction of this burden upon the consumption of sugar. As a result of the reduction, the price of sugar fell very substantially, and the consumption of sugar very greatly increased. The consumption of sugar at the present time is only fractionally above what it was in 1913, before the War; but, before the Sugar Duty was reduced in the 1924 Finance Bill, the consumption of sugar had fallen very much below the figure at which it used to stand before the War.

It is very easy to find examples of the way in which that restriction of consumption comes about under the pressure of this heavy tax. It is well known that many housewives who used before the War, when sugar was cheap, to make their own jam, have been unable to do so as a result of the increase in the price of sugar. That is one illustration of the way in which the demand for sugar is limited, and the way in which, incidentally, the demand for fruit is also limited. If it were desired to help British agriculture, and particularly fruit-growing, a very excellent way of doing it would be to sweep away the Sugar Duty. Cheaper sugar would stimulate a very wide range of industry and a large number of uses of sugar which cannot now be carried as far as is desirable owing to the very heavy burden of the tax. In 1913, the Sugar Duty amounted to only 1s. 10d. per cwt. At the present time, even after the reduction that was made in the Budget of 1924, the duty amounts to 11s. 8d. per cwt., and, even allowing for the rebate of 4s. 3d. on Empire sugar, which, incidentally, only amounts to some 20 per cent. of the total supply, the lower

preferential rate on sugar is still 7s. 5d. per cwt., as against 1s. 10d. pre-War. Consequently, the preferential rate is more than four times the pre-War rate—and I repeat that that applies only to 20 per cent. of the sugar supply of this country—and the full rate is more than six times the rate prevailing before the War. There has been a more than six-fold increase, even after the reduction that was carried out in 1924. I would like, by way of comparison, to point out that the burden of Income Tax and Super-tax, about which so much is heard in these Debates, has not, even in the case of the largest incomes, increased six-fold as compared with the pre-War figure.

The increase in the burden upon the sugar consumer in terms of the duty is unprecedentedly high, and is so high as to be quite unjustifiable at the present time. The burden which is imposed by this duty has been investigated by the Colwyn Committee, and it has been found that the payment which has to be made in respect of this duty by an average family of five persons is somewhere in the neighbourhood of £2 5s. per annum as compared with a corresponding burden of only 6s. per annum in 1913. It is, of course, clear that this duty falls most heavily upon those who have the smallest incomes, and upon those working-class families with the largest number of young children. It is a tax which falls most heavily upon those who are least able to bear the burden. The Colwyn Committee, having examined the matter in great detail, came to this conclusion.

"We consider that the Sugar Duty is relatively high"—

Even in the financial needs of the present time—

"and that, if any relief of taxation is found possible in the next few years, it should be applied first in reduction of this duty."

The Chancellor of the Exchequer, in past speeches in this House, has thrown out a hint that he would not look unfavourably upon a reduction of this duty if the finances were available. I should be interested to hear whether the Financial Secretary to the Treasury this afternoon can hold out any hope of a reduction in this duty as, at any rate, one of the first reductions which the Government will make if they are in a position to do so.

Sir BASIL PETO: Would the hon. Gentleman say what is the date of the quotation which he has just given?

Mr. DALTON: The Report was published a few months ago. Perhaps I did not explain that I was referring to the Colwyn Committee on National Debt and Taxation. Its Report came out only a few months ago—

Major HILLS: It was signed in November of last year.

Mr. DALTON: It was signed in November of last year, but was not, I think, published until a month or two afterwards. The figures quoted in the Colwyn Report are the figures up to and including last year. As I have said, I trust that the Financial Secretary may hold out some hope of a reduction of this duty at an early date. We must, of course, accept the ordinary mechanical refusal to accept this proposed new Clause on the ground that it would cost a considerable number of millions to the Revenue. Our view is that, although the finances of the country have been reduced to a state of considerable disorder by the present Government, even in spite of that disorder there should be a readjustment of taxation, including this abolition of the Sugar Duty which we are demanding on the grounds which I have been putting before the Committee, and that any gap in the Revenue should be made up by increasing other taxes or by imposing new taxes of a less objectionable and less damaging character to trade and employment than the Sugar Duty to which we are now taking objection. We do not, of course, expect the Financial Secretary to accept that view, but we shall press this Motion to a Division, in order to emphasise the very strong objection that we feel to this particular tax, and in order to give further evidence that the Labour Party, when it is next in a position to direct the finances of this country, will, as the ex-Chancellor of the Exchequer said, make one of its first changes in the direction of completely sweeping away this heavy burden upon this very important necessity of life.

Mr. HANNON: I do not rise to support the new Clause but to call attention to the very serious situation in which the sugar refiners of this country find

themselves, and to ask my right hon. Friend the Financial Secretary to the Treasury to take into consideration the extent to which some measure of relief might be given to them in the present Finance Bill. The new Clause, "Reduced duty on sugar refined in the United Kingdom," which stands in the name of myself and the names of several of my hon. Friends on this side, seeks to have the sugar refined in this country put upon the same basis as the sugar coming into this country from the Empire, to the extent of one-third of its value. When special treatment was provided for sugar grown in this country, I took the opportunity of calling attention to the disadvantages which were inflicted upon the sugar refiners in this country, and my right hon. Friend the Minister of Agriculture very strongly resented any concession of the kind being sought at that time.

We have in this country a large number of important centres, notably Greenock, Liverpool and the City of London, where a considerable body of employment has been found for a long time in the manufacture of refined sugar. Under the provisions of the Finance Act of 1925, the subsidies on sugar grown in this country were permitted to go through its entire series of processes until it became refined sugar. We sought at that time to induce His Majesty's Government to allow the subsidy to apply only to raw sugar which could subsequently be refined in the existing sugar refineries in this country; but the Government, in their wisdom, would not accept that proposal. The result is, that very grave unemployment has arisen in the centres where sugar refining was an industry of substantial importance. I see the hon. Member for Greenock (Sir Godfrey Collins) present. He, of all Members of this House, has a right to say to the Government that a definite grievance has been imposed upon a large number of his constituents under the operations of the present duties governing sugar. My information is—the hon. and gallant Member will correct me if I am wrong—that in Greenock which at one time was a sugar city, and much of the prosperity of Greenock has been derived from the manufacture of sugar, out of five very large factories in that ancient, distinguished Scottish Burgh which has been identified with the march

of Scottish progress and Scottish economic development for a long period of time, employing 3,000, 4,000 and 5,000 people, only two are struggling against grave adversity to keep their doors open for the employment of a small number of workpeople. I do not think that an injury of that kind should be inflicted upon any body of people in this country.

No doubt, the Financial Secretary has had his attention drawn to the serious situation created in the East End of London, in the case of Tate and Lyle's sugar factory. At one swoop last year through the stress of economic exigencies a vast number of people were thrown out of employment. If the incidence of taxation had been adjusted on the lines suggested in the new Clause which I hope to move, that unemployment would have been avoided. No one in this House or outside has any fault to find with the policy of the Government in assisting the production of home-grown sugar in this country.

Mr. THURTLÉ: Yes.

Mr. HANNON: I believe the hon. Member opposite would object to the existence of the equator, if he could find any reason for objection. I can hardly conceive anything coming from this side of the House, in any circumstances, to which he could not find some objection. What is happening is, that not merely have sugar refineries been forced out of existence, not merely is there a continual widening of the range of unemployment in connection with the production of sugar in these old-established industries, but the sugar refiner, because he largely depends upon the raw sugar from Imperial sources of supply, is actually made the tax collector by the Inland Revenue without getting any consideration for it in return. There is, I think, some misunderstanding in the minds of many people that some measure of preference has been given to the sugar refiner here because he is employed in the capacity of paying the preference on Imperial imported sugar. That is not so. I am informed that the sugar refiners of this country have sometimes as much as £750,000 of their own money paid over in the form of Imperial preference, and they do not get one single penny interest on that money from the Treasury in consideration of the part they play in collecting it.

I would not bring any complaints against my own Government if I could possibly avoid it. I hope that I have always been, and I hope that I shall always be, a very loyal party man. Of course, I recognise the difficulty of my right hon. Friend the Financial Secretary when he replies. He will say, "You take £1,400,000 away from the Revenue." That, in the mouth of the Chancellor of Exchequer or my right hon. Friend, would be a very forcible reply. But we have to consider whether it is not better to sacrifice some small measure of revenue to make some contribution towards the continuity of industry rather than always make the pretext of collecting revenue at the expense of opportunities for the employment of the people. It is of far greater consequence to our economic stability to make a sacrifice of revenue, or even sometimes to pay a subsidy, rather than see our people kept out of employment for prolonged periods. In the East End of London, in Liverpool and in Greenock there are to-day thousands of people who would have the opportunity of going back to their ordinary work in the sugar refining industry if the new Clause which I have placed upon the Order Paper were to be accepted by the Government.

We on this side of the House are sometimes accused of taking no interest in the promotion of the welfare of the working classes. I hold that we on this side are the real protagonists of the interests of the working classes. Whenever we make a suggestion on economic policy, it is always with a view to increasing the opportunities for employment, and raising the standard of living. In the new Clause to which I have referred, as

4.0 p.m. in all the proposals we have made with regard to safeguarding the industries of the people of this country, we have the same purpose in view, namely, to give the people a more hopeful outlook by continuity of employment, and I think His Majesty's Government, in a case of this kind, ought to examine carefully whether it is not better, from the point of view of the nation, to forego a comparatively small amount of revenue if, in so doing, they restore to employment a large number of people, who will have increased spending power, and thus enlarge the opportunity of collecting more revenue. It is a very

[Mr. Hannon.]

serious position. All of us who are engaged in trying to promote industry in this country from day to day, are more and more depressed at the struggle with which the British manufacturers are faced in their own market, as well as in every corner of the world's markets outside, and, certainly, when we have the opportunity of giving the British manufacturer in any branch of enterprise a fair opportunity in his own market, we ought to do all we possibly can to assist him in that direction.

Therefore, I ask my right hon. Friend and His Majesty's Government to consider whether, in this case, we have not made a reasonable proposal affecting the daily bread of a large number of people, and whether, notwithstanding the embarrassment of a loss of revenue, my right hon. Friend will see the propriety of doing a really good day's work by restoring an ancient industry, which has been associated with the march of British enterprise for many generations, and so give the opportunity of a large volume of employment to a large number of people. I hope my right hon. Friend will take that into his careful, thoughtful and sympathetic consideration.

Mr. McNEILL: The hon. Gentleman who moved the Second Reading of this Clause did not even attempt to camouflage its academic nature. He did not pretend for a moment—I do not blame him for it—that it is a practical proposal. He made some interesting observations on the principles of taxation, but the hon. Gentleman and the Committee realise that the Motion can have no relation to the finances of the year, because if this Clause were put into the Bill, the loss to the Revenue in the present year would be £11,500,000, and, in a full year, about £19,000,000. Supposing the hon. Member were to succeed in carrying this Clause, the results would be positively startling. First of all, it would completely upset the whole of the present year's Budget as proposed by my right hon. Friend. The consequence would be that Parliament, first of all, would have to find another Government. It would then have to start an entirely fresh Budget, framed entirely *de novo*, and, as a small corollary to all that, the House would have to sit, I suppose, into

the late autumn in order to carry through the necessary legislation. The hon. Member knows that as well as I do, and that is why in moving this Clause he told us that he had no expectation that it would be carried. The hon. Gentleman told us that his right hon. Friend the ex-Chancellor of the Exchequer had largely reduced the Sugar Duty, and that he had declared the other day that if he had only stayed in office a little longer, he would have still further reduced it, and made an announcement as to what he would do when next he got the opportunity. I confess that I have now been long enough a Member of this House to take rather a cynical view of that sort of statement. I do not attach very great weight to anything that is said as to what will be done in other circumstances which may never happen, and I am always a little sceptical when I hear a right hon. Gentleman in opposition say what he will do when he gets the opportunity, which may or may not occur, and when he says it in a form which he thinks will be very attractive in the constituencies.

The hon. Gentleman used an argument as regards this duty on sugar which, of course, always crops up when these matters are discussed, when he said the tax falls particularly heavily on the poorest classes. As I said the other day, that is true of all taxes. You cannot put on any tax which is not more difficult for a poor man to pay than for a rich man. It is a platitude. You may put a tax, of course, upon one section of the population and not upon another section, but if you put on any tax which is paid by the people at large, it is more onerous on the poorest class of people than it is upon the richest. But that merely in itself is a proposition that ought to have very little value in this connection, because the burden borne by one taxpayer as against another does not depend upon one particular tax, and it is not fair, and it is fallacious, to argue upon one particular tax isolated from the rest. What you have to look at is how the total taxation of the country borne by the poor, or the rich, or the well-to-do, or the moderately well-to-do, compares over the whole field of taxation. Of course, it is obviously true that the very poor housewife, in regard to sugar alone, is much more heavily hit than a millionaire by the sugar duty; but it

does not follow that a person with an income of £100 a year is more heavily taxed than a man with £400 or £500 a year. You have to find out what is the total taxation borne by each, and, as I say, it is always fallacious to use this argument with regard to one tax alone. The hon. Gentleman attaches importance to what the Colwyn Committee has said on this matter, and I want to read the passage he read with slightly different emphasis. This is what the Colwyn Committee said:

"We have expressed the view that the food duties, even as reduced by the Finance Act, 1924, must still exercise some adverse effect on the standard of living of the poor."

Of course, that is true:

"We consider that the Sugar Duty is relatively high."

That is the word to which the hon. Gentleman gave particular emphasis. Then he rather slurred over what followed:

"and that, if any relief in taxation is found possible in the next few years, it should be applied first in reduction of this duty."

The hon. Member cannot submit the authority of the Colwyn Committee for proposing here and now the sweeping away of the sugar duties at the cost which, I have pointed out, it would mean to the Revenue at the present moment. That, really, is the only argument that the hon. Member advanced. I suppose the reason for not going further—I am grateful to him for being so brief, and I hope to follow his example in that respect; therefore, I do not want to blame him for not going further into a number of interesting subjects which are cognate to it—but I think the reason he confined himself to two statements was, as I have already said, that he realised it is only an academic point. He asked me whether I could give any assurance as to the attitude of the Chancellor of the Exchequer with regard to this particular duty. I am afraid I am not in a position to say anything. The Chancellor of the Exchequer, as the hon. Gentleman may remember, in the course of the financial Debates of this year, did make a very definite pronouncement as to his desire to get rid, especially of the Tea Duty, and that he had always—or, at any rate, for some years past, and I think he said "always"—had it as his ideal to have what is called a "free breakfast table."

Therefore, although I am not in a position to give any definite pledge as to what my right hon. Friend can do, I can repeat that that is what he has said, and I should assume that he would follow the advice of the Colwyn Committee with regard to the reduction of this duty, if and when the financial position of the country allowed it. But I must remind the hon. Gentleman who made the observation that the finances of the country were in their present condition owing to the administration of my right hon. Friend, that there is another explanation which is given, as a rule from this side of the House, with regard to the present exigencies of our financial position. There were certain events which happened last year about which, I know, hon. Members opposite are tremendously sensitive. I do not know whether I should be guilty of any indelicacy if I were to refer to those events, but I notice how extremely sensitive hon. Members opposite are when any allusion is made to the disturbance of last year. Nevertheless, I must remind my hon. Friends on this side, at all events, that if it is impossible to listen to any demand for reduced taxation, we have our own views and explanation of the position in which we find ourselves, which are not quite the same as the views and explanation of those who put it all down to the iniquity of the Chancellor of the Exchequer.

I do not know whether my hon. Friend the Member for the Moseley Division of Birmingham (Mr. Hannon) will move the Amendment which stands in his name, but I want to point out to him and to those hon. Friends who are associated with him in regard to that Amendment, which I know I cannot discuss now, that it would have a very different effect from that which they really intend. A reference has been made to the position in which sugar refiners find themselves at the present moment. I have looked into that matter as closely as I can, and I have concluded that their position is an exceedingly precarious one because they are faced with a very severe competition. I would like to say, however, that I do not think that the particular method which is suggested by my hon. Friend is one which it would be possible for the Government to accept, and I doubt whether my hon. Friends who are supporting that particular Amendment would press it upon the Government if

[Mr. McNeill.]

they fully realised its effect. One effect of that proposal would be that it would give an additional preference to sugar refined by British refiners, and it would absolutely upset the whole basis of Imperial preference. After all Imperial preference is a preference on the products of the British Empire, and what my hon. Friend the Member for Moseley is proposing is upon a totally different basis, namely, that preference should be given on products from everywhere.

Mr. HANNON: We should be prepared to confine our proposals to raw sugar from British sources.

Mr. McNEILL: The method suggested by my hon. Friend alters the whole basis of our proposals. If on account of the position of the industry you were to propose that sugar coming from Cuba should be given something in addition to Imperial Preference, on what ground could you resist a demand made that chocolate makers should have a Preference on Brazilian copra under similar circumstances? That proposal is one which would be very expensive and it would upset our system of Imperial Preference. For that reason I cannot accept the Amendment which my hon. Friend has put down on the Paper. For the reasons I have stated, I think my hon. Friends have misconceived the situation, and if help of any sort is to be given to the British refining industry, it will have to be given by some other method.

Sir GODFREY COLLINS: I do not think the Financial Secretary has in any way exaggerated the situation. He has told us that the sugar-refining industry is in a precarious condition. I believe I am correct in saying that the state of things in the sugar-refining industry in Great Britain to-day is unique in the annals of this country. The sugar-refining industry to-day has not only to compete with the natural competition of foreign countries, but it has also to compete with the sugar grown in this country as a direct result of the policy of His Majesty's Government. The subsidy given by the Government is practically equal in amount to the price of the raw sugar. Not only do those engaged in the sugar industry have the benefit of this large subsidy, but they also have the benefit of the Preference

Clause adopted by the present Government. In addition to all this, a number of fortunate firms engaged in this industry in this country have secured large sums of public money under the Trade Facilities Act, against the passing of which we strongly protested from the Liberal Benches. The result is that about 250,000 tons of sugar, refined by British factories, comes on the market within three months.

That large quantity of home-grown sugar comes on the market and it competes with the firms who have produced sugar without any assistance from the Government. The amount of money paid in the shape of the sugar subsidy by the Government is about £4,000,000. So far as the refiners of sugar in this country are concerned, the situation is that they are faced with artificially-created competition, which has been brought about at the expense of the British taxpayer. The other form of competition is that brought about by Empire products. It is true that our Colonies are benefiting by this arrangement, but the people of this country are suffering in consequence. The system of Preference which has been adopted by the Government has thrown a large number of people out of work in Greenock, and that is not an exaggerated statement. I am sure hon. Members opposite will not be pleased to hear that statement. I know that when they started the policy of Preference they did not anticipate that it would have a result of that kind. The Financial Secretary has already stated that he cannot accept the method suggested by the hon. Member for Moseley (Mr. Hannon), but there is another simple remedy which the Chancellor of the Exchequer can carry into effect if he likes. The House will remember that when the Corn Production Act became law a heavy burden was thrown on the taxpayers, and the Government in 1922 was obliged to repeal that Act because it was found to be too heavy a burden for the taxpayers of this country to bear.

With that very recent precedent before them, the Government would be quite justified in repealing the Beet Sugar Act of 1924, thus sweeping away the sugar subsidy which has cost the country £4,000,000 this year, and at the same time they would be placing the new sugar industry on the same footing as the

refining industry which has grown up under natural conditions in this country. The Government can well afford to abolish the sugar subsidy. I know I should be out of Order if I read to the Committee the profits which these particular firms have been able to make directly as a result of the policy of the Government. The Chancellor of the Exchequer is being pressed for money from all sides, and here is a case which offers an opportunity for economy. Would not any Member of this House engaged in business feel a deep sense of injustice if the British Government were first of all to take money out of the pockets of the taxpayers to create artificial trading conditions for certain businesses in this country, and give other industries, particularly in our Dominions, special privileges in our home markets. I cannot believe there is a single Member of the Committee who does not agree with me when I say that that would be a great injustice.

But there is a much larger question than that. The hon. Member for Moseley is anxious to move his Amendment which he considered would protect the sugar refining industry. I would like to point out that we are suffering very much in Greenock from the policy of the Government. At one time we had five sugar refineries and they are now reduced to two. For these reasons I am not prepared to vote for protection for the sugar refining industry. We have to consider not only the interests of one part of the industry but the interests of the people of Great Britain. Here is one of the most striking examples of the policy of preference in operation, and it is clear that that policy is hurting not only our own people at the expense of the taxpayers but it is also hurting the industries of this country. We have often said that once you start a policy of protection, you are entering upon a slippery slope. How far you are going to slide down that slope I do not know. The Financial Secretary has truly stated that the Amendment we are discussing would cost over £1,000,000 if adopted, but why not reverse the policy which has been adopted by the Government and go back to the traditional policy of Great Britain under which the sugar refiners have built up their industry.

The Financial Secretary himself admits that these sugar refiners have been

placed in a precarious position by the policy of the Government. I am not prepared to vote for the Amendment now before the Committee. I know that the Corporation of Greenock and all allied interests are anxious for this Amendment to be carried, but if once you depart from the policy of Free Trade and give a temporary advantage to one industry, the door will be wide open, and you will be pledged to that policy in the future. In Greenock a large number of men and women have been thrown out of work by the policy of the Government. Through the subsidy the taxpayers have poured out £4,000,000 to the home-grown sugar industry in this country, and they have also given a preference to those unfortunate people in the Mauritius and the West Indies; but this Committee should not overlook the fact that the policy which has been adopted by the Government in regard to the sugar industry has thrown out of work a large number of people in this country.

Mr. A. V. ALEXANDER: The hon. Member for Greenock (Sir G. Collins) has put the case of the British sugar refiners very forcibly and the Under-Secretary of State for the Colonies has expressed doubts as to the accuracy of the statements put forward by the last speaker. I think on inquiry the right hon. Gentleman will find that in regard to the refineries in Greenock, three have been closed down within the last three years as a result of the policy adopted by the Government. I support the hon. Member for Greenock in his attacks upon the Government for the policy which they have adopted towards the old British sugar refinery industry. He takes the view that the Government's policy has helped to ruin them by subsidising other forms of sugar production and refinery in this country, and, secondly, that it has helped to further put the old refinery industries on the road to ruin, by giving preference to sugar from the Dominions which is not now confined to raw sugar but also includes manufactured sugar. Therefore the Government have given an unfair advantage to sugar from Mauritius and the Dominions and to the beet sugar industry in this country as against the old British sugar refining industry. Moreover, they have stabilised that preference for 10 years.

[Mr. Alexander.]

I hope now that I have made the position perfectly clear to the Under-Secretary of State for the Dominions. The statement of the hon. Member for Greenock is therefore true when he says that the development of the policy of Imperial Preference has so far as one can see led to unemployment in this country and assisted in the financial ruin of one of the oldest industries we have. I spent my boyhood days in the ancient City of Bristol which had one of the first sugar refining factories in this country as a result of its early connections with the West Indies. [An Hon. Member: "It was not going in your day!"] It was going when I was a boy at school. That closed down with other refineries as a result of world factors in the sugar producing and refining industries. But as a result of the Convention of 1903, a substantial part of the industry was saved and until recently there were five refineries in Greenock. Three have closed down in the last three years. The policy of Imperial Preference has destroyed any chance of the development of this old industry.

My position is this. I could not possibly accept the remedy suggested in the new Clause—(*Reduced Duty on Sugar refined in the United Kingdom*)—on the Paper in the name of the hon. Member for Moseley (Mr. Hannon). I have to take exactly the same view as the Member for Greenock. I am asked by a large Co-operative Society in Greenock to support that Amendment because of their interest in a local industry but from the point of view of national interests and national economy I must give my support to the Amendment we are discussing. On the one hand I am in the position of being asked by one local co-operative society of about 5,000 to 20,000 members to support the Amendment in the name of the hon. Member for Moseley, and on the other hand we have 5,250,000 consumers who oppose any attempt to take any more from them in the way of taxation which does not reach the Treasury as revenue. Therefore I cannot accept the Amendment put forward by the hon. Member for Moseley and his friends, but if the Financial Secretary to the Treasury could not do anything else, he could at least help the position of the British refining industry—although I do not suggest this

would be at all an adequate help—by removing the preference on refined sugar. There would then be some prospect for the old British industry. He may consider that this Government has pledged itself for 10 years to the stabilisation of the Imperial Preference to the Colonial sugar industry and from his interjection I observe the Under-Secretary of State for the Colonies cares nothing at all for the misery and suffering of the unemployed in East London, Liverpool and Greenock because he is able—I use the right hon. Gentleman's own words—to make out an academic case for Imperial Preference.

The real remedy is to put these people carrying on the refining industry in this country on an equality with regard to refined sugar with the rest of the Empire and not by increasing the tax to the consumer. The remedy lies in removing the preference now given to a particular section of the refined sugar industry and put British refiners on a reasonable basis of competition with the other classes of the sugar refining industry in the Empire. The result of the Government's policy is that one part of the refining industry is in a state of great prosperity resulting from the Sugar Act of 1925 and the other part of the industry is almost in a state of starvation and decay. That is surely a very great reflection on the Government. Here are two or three instances of the prosperity of one section of the sugar industry resulting from the Government policy. The Cantley Beet Sugar Factory for 1926-27 has a disposable surplus of £246,000 of which they are placing to reserve £156,000 after paying 20 per cent. on the share capital.

Sir FREDRIC WISE: Is that free of Income Tax?

Mr. ALEXANDER: Yes, I understand so, after placing £156,000 to reserve. Here is the case of Ely which shows a surplus of £215,000 and after paying 12½ per cent. on the share capital free of tax, I understand they have placed £600,000 to reserve. The Ipswich factory has a surplus of £215,000 and after paying 12½ per cent. have placed £67,000 to reserve. So that this part of the sugar industry is in a position of taking from the taxpayer by means of the subsidy and preferential treatment large sums of money, and of being able to recoup them—

selves completely to the extent of the whole of the share capital of these concerns plus the profits distributed. Therefore at the end of 10 years if the subsidy is stopped they will have completely recouped themselves out of the taxpayers' pocket and be able to get out without any loss. If the Government do not change their policy in the meantime the British refining industry will have been ruined and be unable to restart. Some of us on these benches knew in 1925 what the result of the Government policy would be. [An HON. MEMBER: "Why did you not say so at the time?"] If the hon. Member had supported the Amendment we proposed at the time to safeguard the whole community by taking a share in the capital assets created we would have had some safeguard, but the whole country is being denuded of these sums of money to provide immunity for the capital for private companies. It seems to me we have to-day seen the first fruits of the policy of what I may call discrimination in industry which must always sooner or later become part of the policy of the Protectionists. That is one reason why we are moving to repeal the Sugar Duty to-day. I agree that at this stage it would be impossible for the Financial Secretary to the Treasury to accept this Amendment without recasting the whole of the Budget but it was impossible for us to raise this question on the Budget Resolution, but from our point of view this question is not academic but is a vital question. Under the present system we are precluded from raising the sugar question in the Budget Resolution and that is why we are raising it to-day. But even if the duty cannot be abolished this year if the right hon. Gentleman is really sympathetic he could undertake that it should be done next year if there is money on hand.

Mr. McNEILL indicated dissent.

Mr. A. V. ALEXANDER: I am sorry the Financial Secretary to the Treasury shakes his head, because I remember in 1925 the Chancellor of the Exchequer said he would move in that direction if he had money on hand. The Financial Secretary to the Treasury says that so much of our present financial condition is due to the events of last year, yet the Chancellor of the Exchequer has been able to balance his Budget this year without any increase of direct taxation. If there

is a balance on the Budget next year I think the Government ought to consider the abolition of this duty.

Mr. McNEILL: I do not think I would be justified in saying that we shall have next year £19,000,000 to play with.

Mr. ALEXANDER: I seem to have heard that same prophecy from quite different sources. I should be sorry, myself, if we had not a balance in hand. I want to see a balance in hand in order that we may attack the general level of taxation, but particularly indirect taxation. The Financial Secretary to the Treasury has raised one or two points in his speech which I should like to answer. He says we always attach too much importance to the relative pressure of taxation which is imposed upon the whole community in its relation to the poor. He said we ought always to have regard to what other taxation is imposed on every other section of the community. Now I think that is a very fallacious argument. I think the right hon. Gentleman himself, who has written so much upon various questions of this sort—at least, I gather so from things which I have read and which were written by him in an encyclopædia—would never be able to get away from the principle that taxation should be levied upon the basis of ability to pay.

Mr. McNEILL: I agree.

Mr. ALEXANDER: I am glad the Financial Secretary agrees. How are we to judge of the ability to pay? Would it not be a better manner of judging whether the taxation is based upon that principle by ascertaining what a person has left to spend after paying his taxation? The right hon. Gentleman said it would be unfair to say that a person who has an income of £100 pays a greater proportion of taxation than the person with an income of £100,000 who has to pay Super-tax. Now I put it to the right hon. Gentleman that a working-class family with £100 a year, with a man and his wife and, say, six children in the household, are paying Sugar Duty at the rate of 1½d. a lb., a duty which averages 10s. per head of the population. Therefore, the effect of that tax upon that household of eight people is £4 per annum, and on the top of that you have the Tea Duty and the Tobacco Duty, and so on. You will see that when these

[Mr. Alexander.]

indirect taxes have been paid by a man with only £100 a year he has very little left to maintain what we would regard as a minimum standard of life. Whereas the richer person who may have paid all the same taxes of which we complain—these indirect taxes—and may have also paid Income Tax, Super-tax and Death Duties, has so much left that he can enjoy a very comfortable state of life indeed. That is the whole question.

Mr. McNEILL: The hon. Gentleman is proceeding on the same principle as I advocate. He is taking the Sugar Duty, the Tea Duty and the Tobacco Duty and stating that they are imposing a heavy burden upon a working-class family. I do not contest that. But he is now taking exactly the same argument which I used, namely, that in estimating the effect of a tax like the Sugar Duty you must take account of the general effect of taxation.

Mr. ALEXANDER: That is very clever of the right hon. Gentleman, but I think the Committee will recollect that his real argument was directed not to indirect taxation but to the cumulative effect of indirect and direct taxation—a general conspectus of taxation as a whole. That is the point. What I want to put before the Committee is our case that this and all other taxes pressing upon the food of the people ought to be repealed, and then we should raise our taxation by means of a direct system in relation to the income and the standard of life which would then be available to the person after the payment of such taxation. That is our case, and I believe it is a sound case. There is one other point I want to make and it is this. If the right hon. Gentleman will look at the figures in the case submitted by the sugar-refiners to him last year, and brought up to date this year, he will see that as a result of the reduction by so large an amount of the Sugar Duty in 1924, the consumption in this country has very largely increased. In 1924, the deliveries for home consumption were 16,042 tons. In 1925, they were 18,003 tons, and last year they were 18,037 tons. That is to say, they have been going up each year. If we had a progressive decline in the taxation of sugar we should get a still further extension of the sugar industry and ancillary without leading to injustice

to the common people in regard to an article of food which is of very great value to them. For all these reasons, I regret the fact that while I did not expect the right hon. Gentleman to accept the Amendment to-day, he has not given us a much more definite assurance of what the Government may be able to do in the future.

Sir B. PETO: I think the Committee will feel that after the two speeches of considerable length from the hon. Member for Greenock (Sir G. Collins) and the hon. Member for Hillsborough (Mr. A. V. Alexander) who are both in the main agreed in their attitude on the sugar duty as a whole, and also on the Clause to which the hon. Member for Moseley (Mr. Hannon) referred in his speech, it would not be unreasonable that we should have for a few moments some reply to what I regard as the fallacies upon which their arguments were based. The hon. Member for Greenock traced the whole of the trouble in his constituency and other sugar refining centres here to what he called the policy of tariffs and preference. He also threw upon the present Government the whole onus of the subsidy to which he strongly objects as a policy. The two hon. Members must settle that difficulty among themselves, because it was the Chancellor of the Exchequer in the Socialist Government who started the subsidy, and that forms no part of the general policy of tariffs and Imperial Preference, but was an alternative to a higher rate of tariff and a larger preference, of which the Socialists, and not the Conservative party, were in favour.

The hon. Member attributed the whole of the disasters to our domestic trade to the policy of preference. I think he was entirely wrong, for this reason. I quite agree that if you put on a tax in a clumsy form it is very likely to produce a result which you do not intend. You must recognise the fact that in a pound of refined sugar you have two sets of industries engaged—the industry which produces the sugar, and the one which refines it. The refiners estimate the net value and amount of labour in refining at, roughly, one-third of the value of the finished product. You will then see that it is the method by which the preference has been given and the duty is raised which is doing the injury to your home production. You have a comparatively small

sugar industry in some of the Colonies. You have a large and old-established sugar-refining industry in this country in various centres, and it seems perfectly clear that it is a wrong and clumsy method of charging this duty and making this preference that if while you are giving something which is tending to give a preference upon sugar production you are doing it in such a way as not only not to encourage, but in the long run to make it certain that the refinement of the sugar shall be done abroad where it gets the full advantage of this very valuable preference, and will not be done in this country where, unless the hon. Member's Amendment, or something like it, is carried, they can have no similar preference.

The reason you have in the Amendment that the amount is to be one-third of the amount of the preference is the reason that I have already indicated, namely, that the amount of the value of the labour concerned in the refinement is, roughly, one-third of the value of the whole product. The hon. Member for Greenock quoted the history of the Corn Production Act in support of his argument that as this method of Imperial Preference and fostering the production of sugar in this country has lamentably failed, and that the whole of what he calls this mistaken policy should be scrapped. I would remind the Committee of the fact that our agricultural industry in this country is not exactly in a flourishing condition, and there is nothing which produces such disastrous results as a policy of chopping and changing; first of all, having based the industry upon a huge subsidy, and then withdrawing that subsidy suddenly when you find it costs a great deal of money, and leaving the wretched industry struggling. I do not think the history of the Corn Production Act of the Coalition Government is a very good example for the Financial Secretary to follow in this respect. The real remedy for this trouble is to look at what is the cause, and the cause really is that the method of imposing this tariff and of giving this preference to our Dominions and Colonies is a method which wants looking into further.

What my hon. Friend suggests is a Clause which would balance in favour of the home refiners the advantage you

give to the refiners in the Dominions. What we really want to do, in my opinion, is to encourage the production of sugar in the Dominions, but if they want to refine they should refine on level terms with our people in this country. The Financial Secretary said that the sugar refiners here were suffering from very severe competition. They would not complain of severe competition. As the hon. Member for Greenock says that the whole of this industry was built up in face of severe competition, but they have never had such unfair competition to face as they have at the present moment, and it is the method of charging the duty that needs correcting, and not the whole policy which requires to be scrapped.

I only want to refer to one other thing which the Financial Secretary said. He spoke of the loss of revenue that would result. I do beg that when we consider this question from the point of view of loss of revenue, we shall not shut our eyes to the fact that there is a counter-balancing, and, very often, a superior amount of revenue which the Exchequer will lose if they just let the industry die. How much will the Exchequer lose if sugar refining in this country is wiped out? That is the real position. I should not be at all surprised to find that, apart from the loss of employment to the people, the actual financial loss due to such a disastrous policy would be a great deal more than £1,100,000 or £1,400,000, which was the estimated loss to the revenue due to my hon. Friend's Clause.

With regard to the main question before the Committee—the abolition of all the Sugar Duties—I want to say something which my hon. Friends may regard as rather heterodox. I believe there is no duty in the whole of our taxation at the present time which is giving indirectly greater benefit to the working classes in this country than the Sugar Duty which the hon. Member for Hillsborough says falls so heavily on the working-class families. If you test it right through, it is on the basis of the tariff backed up by the subsidy that this great sugar industry is being built up in this country. Also you have to consider that on the preference side of it you are giving to our Colonies and Dominions a market in this country which will enable them to em-

[Sir B. Peto.]

employ British labour in buying manufactured goods from them. That is a side of the thing which is always overlooked. It is no good counting up how many pence per week it costs to working-class families; you must look at the whole thing, including the preference and including the effect of the duty on the building up of a great industry in this country; you must look at the whole effect of it, and all its ramifications on employment and the finding of wages for the people of this country.

Mr. ALEXANDER: When the Labour Chancellor of the Exchequer reduced the duty by nearly two-thirds, employment and production in the industries which used jam and used sugar as an ingredient increased by over 50 per cent.

Sir B. PETO: I have no doubt there are some advantages to be placed on the other side of the account. But what I am asking the hon. Member is that in considering this question he should not look only on one side of the account. He was concentrating to-day on the fact that this duty was a heavy charge on working-class families. In taking that argument it is just as well to see what the average working-class family gets out of the system which enables us to give a preference to our Dominions and to find a market for the products of British labour. I do not wish further to detain the Committee, except merely to say that if my hon. Friend moves his Clause, as I hope he will, I shall feel bound to support it. But I feel there is ~~no Motion which could be moved which would be more easy for me to oppose than the proposal of the present moment, which practically destroys the whole basis of preference and the building up of the sugar industry in this country, and would mean an immediate loss to the Revenue of £19,000,000 as proposed by the hon. Member opposite.~~

Mr. PALING: I desire to ask the Financial Secretary to the Treasury one question. I have listened very carefully to the speeches which have

5.0 p.m. been delivered this afternoon, and particularly to the speeches of the hon. Member for Moseley (Mr. Hannon) and the hon. Member for Hillsborough (Mr. A. V. Alexander). It

strikes me that the situation in the refining industry of the country must be pretty bad. I understand that a large proportion of men have been thrown out of work in Greenock and in London, and I understand that a large number of men have been thrown out of work in Silvertown. I would like to ask the Financial Secretary to the Treasury what is the proportion of the number of factories that have been closed down, or the proportion of the industry that has had to cease work directly as the result of this sugar subsidy. If he cannot tell us that I would like to know the approximate number of men thrown out of work as the result of the policy of the Government. I would also like him to reply to the point raised by my hon. Friend the Member for Hillsborough. That point was in regard to the huge amount of profit which is being made by the people in this new sugar beet industry, and, if, when the subsidy is finished, it will result in these people having recouped themselves so handsomely that, in 10 years' time, they will clear out, leaving the industry derelict.

Mr. J. JONES: I represent a constituency which has a greater number of people employed in this industry than any other constituency in Great Britain, and I think that on that account I ought to be able to know something about it. I have always been under the impression that right hon. and hon. Gentlemen opposite were great advocates of high wages and good conditions of employment. I happen to belong to a union which has in its membership the biggest proportion of men employed in this industry, and after 30 years of hard struggling we have managed to establish something like reasonable conditions of employment in the matter of hours and of wages. Conditions are immeasurably superior to those which used to exist in the industry before the men and women were organised. Now we find that this is not a subsidy for the purpose of helping the workers of Great Britain to live under better conditions, but the benefit of the subsidy is going to people who are working under worse conditions, people over whose labour conditions we have no control and in regard to whom we have nothing to say. There is no question of the legal restriction of the hours of

labour or voluntary agreement between unions and employers on this matter. It is a question of each for himself and the Devil take the hindmost. These people are able to make profits not by legitimate trading but because the Government is finding the means for them to do it. I quite see by the advertisements in the financial Press what the inevitable consequence is going to be when the limit is reached and the subsidy period expires. They will unload, like all clever business people, but they will unload at the sacrifice of the people who have built up the industry.

In my constituency casual labour is becoming almost a permanent feature in this industry. When the beet-sugar season is on a man finds that it is almost impossible to get a full week's work. At some periods of the year these men are off work for a week at a time, simply because of the influx of the products of cheaper labour. The employers are bound to take advantage of the competitive conditions in which they find themselves. When the market is glutted by a certain amount of cheaper labour they say: "We are in the position of not being able to carry on the refineries. We will close down for a week at a time." The employers will not grumble. I had a letter from employers in my constituency. I am not an employers' man, but I do try to be reasonable and to recognise their position while being fair to the workers, as much as I can. I always contend, however, that the first charge on the industry must be a decent standard of living for the people who work in the industry. But now what do we find? We find old-established firms like Tate & Lyle amalgamating because of the competition between themselves and because of the competition they have to face. They have formed a combine, but they found, as that began to develop and as this new system came into existence, that they were compelled to go further and invest in this beet-sugar industry and try to make the best of both worlds. They found the subsidy working in an opposite direction to that which they imagined. The people under whom this industry is being controlled are not the people in Great Britain. Those people are dominated by outside influences over whom we have no control and the sub-

sidy is going to their benefit. I am not a prejudiced person in this matter. If the right hon. Gentleman can devise some scheme by which everybody can be treated fairly he will find that he will obtain the support of many Members of this House, but all these fancy schemes of protection are simply robbing Peter to pay Paul. Therefore, I suggest, however much it may be necessary to try to revive agriculture—and agriculture wants reviving, but who are responsible for the position of agriculture? There is the party opposite, which has been the special Godfather—

Mr. HANNON: Your Free Trade friends below the Gangway are the party who have been in power for generations past.

Mr. JONES: You have come into power since with a majority of 220 and there has been a kind of 50-50 arrangement between the Conservative party and the Liberal party. The Liberal party has been in power for half the time and you have been in power for half the time. The Liberal party has been the Free Trade party part of the time. You have been a Protectionist party all of the time.

Mr. HANNON: Hear, hear!

Mr. JONES: Yes, I know, but where is the protection for agriculture? Why whine and complain about the condition of agriculture? If, as you say, you have the power to alter it, why do not you do so? If your theories are correct, agriculture should be the most flourishing industry in the country, but, as a matter of fact, you have gone from confusion to confusion and the last state of the people is worse than the first. Farmers are doing badly and never knew when they were doing well. Like most other people, they are always on the threshold of bankruptcy, but the only people to suffer in the first place are the work-people. When trade is bad the people responsible for manufacturing and for carrying on business begin to economise always on the people whom they employ. Profits must be the first consideration and the working man must suffer. Therefore, we say that so far as this subsidy is concerned its consequences have been that the working people have got low wages

[Mr. Jones.]

and have to work longer hours for other people to get higher wages and work shorter hours. That was not the idea of those who originally made these proposals. They were always telling people that if only they had Protection and Preference the working men in this country would have higher wages and better conditions. That has been their argument all through, but in this particular case it has not worked quite that way. Unemployment is becoming more general and the employers have said that they cannot continue to pay the wages which they used to pay because they have to face not merely the competition of the subsidised industry in our own country—in the agricultural areas where wages are based on the agricultural wages, if they give 2s. a week more to the beet sugar industry they think that they are paying a decent wage—but the competition from abroad. The Colonies are getting the benefit of this preference and they are getting the benefit of the competitive subsidy in the markets of the world. We are hit both ways. We have unfair competition subsidised by the Government at home and we have preference subsidising the worst kind of industry in the other countries. If hon. Members opposite can devise some method whereby the workers of this country will get a square deal we will argue out the point with them.

Mr. HANNON: We have always stood for a square deal.

Mr. JONES: For a square-headed deal, generally to the advantage of the square-headed men! The workers of this country are not getting a square deal in this case. When we find our factories closing down and working short time without a subsidy and getting no help from the Government or anybody else, and all that the worker gets is a ticket for the Employment Exchange, and he is lucky if he can qualify for benefit under the restrictions laid down, we say that, so far as the worker is concerned, he is getting no advantage from the subsidy and justice is not being done to our own people. This Parliament is not out to give something away to somebody else; if we have anything to give away we ought to give it to our own people, and we ought to help our own people.

Sir WILLIAM LANE MITCHELL: I used to know something about the sugar trade and, therefore, I am rather interested in listening to this discussion. To begin with, may I say that there is no man in any part of the Committee who is satisfied with the big profits that are being made by the sugar beet companies. These big profits mean that the farmer is not getting a square deal and that the farmer is not getting the price he ought to get for his beet. I am perfectly certain that the farmer will see that he gets far more out of it than he has done in the past and he will see that all the profits do not go to the sugar beet companies.

Mr. A. V. ALEXANDER: What about the labourers' wages?

Sir W. LANE MITCHELL: I have finished with that. Then the other point is as to whether the existence of preference, and one thing and another, has anything to do with the closing down of the refineries. I had a good deal to do with this over 30 years ago, and then there were fewer refineries than there are now. I went on the Continent to try and find out what was the cost of growing beet, and I came back with a report that the cost was 9s. 4d. per cwt. and within six months, owing to heavy crops, beet was selling at 5s. per cwt. and sugar being retailed at one penny per pound. The result is that cheap sugar is coming into the country, and, instead of coming in as raw beet as it used to do, and then be refined here, it is coming in as refined sugar and our refineries cannot get the raw material to enable us to compete against the refined sugar which is coming in. That is what has been going on. The hon. Member for Hillsborough (Mr. A. V. Alexander) spoke of Bristol as a refined town. So it used to be in the old days when sugar came in unrefined, but when sugar came in refined then the Bristol refineries had to shut down. That is the reason. The hon. Member for Hillsborough only wants cheap sugar; he does not care a hang where it is refined.

Sir G. COLLINS: That was the state of things 30 years ago. Let me just point out what is the state of things today. This year 38 per cent. of the sugar consumed in this country was refined here. Last year 45 per cent. of the sugar consumed here was refined here and the

year before that 55 per cent., so that in three years there has been a drop from 55 per cent. to 38 per cent.

Sir W. LANE MITCHELL: Before the War Europe produced about 7,000,000 tons of sugar. Czechoslovakia, as it now is, Germany and Russia, sent to us refined sugar, but when the War started that was stopped, and the Continent produced about 2,000,000 tons instead of 7,000,000 tons. The Continent now has got back to its 7,000,000 tons and it is pouring in refined sugar, and it is because the refined sugar is coming in that these refineries are not able to work. The hon. Member for Poplar (Mr. Jones) spoke about Tate and Lyle about 30 years ago. They were not there. You had Duncan and Martineau, who are now out of the business.

Mr. J. JONES: I have lived in West Ham longer than that and they were there then.

Sir W. LANE MITCHELL: They are out of it now.

Mr. JONES: No, they are there yet.

Sir W. LANE MITCHELL: Duncan is out of it. They came from the North. It is the importation of refined sugar that has taken away refining from the refineries, and you cannot keep it out. The hon. Member for Hillsborough wants cheap sugar, but he does not care where it is refined. It is desirable that the factories should refine their own sugar on the spot. Look at the expense of sending the raw sugar to the refineries. The practical way to handle sugar is to do the refining where you get the raw material, and it is doing that that has hurt the refiners. I am sorry for it. It is that reason that brought me to London. I should not be here but for that.

Mr. THURTL: I think the discussion that has just taken place ought to convince the Committee of the colossal folly it perpetrated when it agreed to the beet-sugar subsidy. It is about the most outrageous fraud that has ever been perpetrated on the nation.

The DEPUTY-CHAIRMAN: I cannot allow the discussion to develop into one on the subsidy in the sugar beet industry.

Mr. THURTL: It is rather late in the day to restrict the Debate in that

manner. I have heard a number of other speakers range practically over the whole field of the sugar subsidy, and as I appear to be about the last speaker to take part in the discussion, it seems unreasonable that I should be circumscribed in that manner.

The DEPUTY-CHAIRMAN: The hon. Member ought not to say that. I was particularly careful to see that Members did not go too far into the question. But the hon. Member was commencing his speech purely on the question of the beet sugar subsidy. I reminded him that the Clause was not in reference to that, but only indirectly connected with it.

Mr. THURTL: I agree that the object of the discussion is to try to find some remedy for the great unemployment that exists in connection with the sugar refining industry. I have gathered from the speeches of other Members that one of the causes of that very acute unemployment in the sugar refining industry is the sugar beet subsidy. I merely wanted to point out how complicated this business of the subsidy is. In order to get rid of unemployment, we were induced to agree to the subsidy, and we now find that as the result of it greater unemployment has been created. I wish to make a comparison between the unemployment that exists in the sugar refining industry caused by the beet sugar subsidy and the employment that has been provided as the result of that subsidy, in order to show that instead of gaining we lose on balance. According to figures which have been given me by the Minister of Agriculture, there were last year employed in the sugar beet industry 6,500 people. As I understand it, there are very many more people being displaced from employment in the sugar refining industry as a consequence of the subsidy. So that so far from there being a gain in employment, there has been a net loss.

Mr. JOHNSON: Has the hon. Member made any allowance for the numbers of agricultural workers engaged in the production of sugar beet? Has he any authoritative figures?

Mr. THURTL: Since my hon. Friend has raised the question of the agricultural labourer, I might perhaps be permitted in two or three sentences to explain the

[Mr. Thurtle.]

position. According to the Minister of Agriculture, we paid by way of subsidy last year over £3,000,000—

The DEPUTY-CHAIRMAN: I cannot allow this to develop into a Debate on the sugar subsidy. It is really only indirectly affected.

Mr. THURTLÉ: May I make this one single point. If you wipe out entirely the cost of agricultural labour in the production of sugar beet, assume all that is saved by the sugar beet subsidy, and take the remainder, you find that for every man who has been provided with employment in the sugar beet industry last year for a period of 16 weeks, because that is the length of the season, the State provided a subsidy of £260.

The DEPUTY-CHAIRMAN: I cannot allow the hon. Member to make these remarks. There will be half-a-dozen Members who will want to answer the hon. Member, and the Debate will develop into quite a different channel from that to which it ought to be confined.

Mr. THURTLÉ: I think it have made my point, which was that over £16 per week has been paid by way of subsidy to every man who has found employment under the beet sugar scheme.

Mr. McNEILL: May I call attention to the position we are in with regard to business this evening. In answer to an appeal made by the right hon. Gentleman for Colne Valley (Mr. Snowden) to the Chancellor of the Exchequer the day before yesterday, it was arranged that we should continue this Clause to-day. There could be nothing in the nature of a definite undertaking, but there was something in the nature of an understanding that we should get the Bill by a quarter past eight. We are still on the first Clause and various speeches which have been made, including that of the hon. Member who has just sat down, show what an immense field there legitimately is for a discussion of this sort. We might go on till 10 o'clock discussing this question of sugar with its various ramifications, and there is an immense number of other Clauses on the Paper. I have not the presumption to make an appeal, as I have no ground of complaint, but perhaps I might point out that if we get to about midnight with still a large amount of work in front of us it will be hardly fair to appeal to the Government to prolong the Debate again. We must get through our business to-night even if we have to sit to a late hour.

Question put, "That the Clause be read a Second time."

The Committee divided: Ayes, 128; Noes, 245.

Division No. 245.]

AYES.

[5.25 p.m.]

Adams, Rt. Hon. W. (Fife, West)
Adams, W. M. (Staff., Cannock)
Aldrich, A. V. (Sheffield, Hillsbro')
Allen, Charles George
Atlee, Clement Richard
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Wexmouth, Abertillery)
Barnes, A.
Batey, Joseph
Bowerman, Rt. Hon. Charles W.
Broad, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bate)
Buchanan, G.
Buxton, Rt. Hon. Noel
Cape, Thomas
Cluse, W. S.
Collins, Sir Godfrey (Greenock)
Compton, Joseph
Connolly, M.
Cove, W. G.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Day, Colonel Harry
Dennison, R.
Duncan, C.
Edge, Sir William
Edwards, J. Hugh (Accrington)

England, Colonel A.
Evans, Capt. Ernest (Welsh Univer.)
Gardner, J. P.
Gerro-Jones, Captain G. M.
Gillett, George M.
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Greenwood, A. (Nelson and Colne)
Griffith, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W.R., Normanton)
Hamilton, Sir R. (Orkney & Shetland)
Hardie, George D.
Harris, Percy A.
Hayday, Arthur
Henderson, Rt. Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
Johnston, Thomas (Dundee)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Kirkwood, S.
Lansbury, George

Lawrence, Susan
Lawson, John James
Lee, F.
Livingstone, A. M.
Lowth, T.
Lunn, William
MacDonald, Rt. Hon. J. R. (Aberavon)
MacLaren, Andrew
Maclean, Neil (Glasgow, Govan)
MacNeill-Welsh, L.
Macpherson, Rt. Hon. James I.
March, S.
Maxton, James
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Murnin, H.
Naylor, T. E.
Oliver, George Harold
Pain, John Henry
Palling, W.
Parkinson, John Allen (Wigan)
Potts, John S.
Richardson, R. (Houghton-le-Spring)
Ritson, J.
Robinson, W. C. (York, W.R., Elland)
Rose, Frank H.
Saiter, Dr. Alfred
Scrymgeour, E.
Sexton, James
Shaw, Rt. Hon. Thomas (Preston)

Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Short, Alfred (Wednesbury)
 Sinclair, Major Sir A. (Calthness)
 Sitch, Charles H.
 Slesser, Sir Henry H.
 Smith, Ben (Bermondsey, Rotherhithe)
 Smith, H. B. Lees (Keighley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stephen, Campbell
 Stewart, J. (St. Rollox)

Strauss, E. A.
 Sutton, J. E.
 Taylor, R. A.
 Thorne, G. R. (Wolverhampton, E.)
 Thurtle, Ernest
 Tinker, John Joseph
 Townend, A. E.
 Trevelyan, Rt. Hon. C. P.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhonda)
 Wedgwood, Rt. Hon. Josiah

Wellock, Wilfred
 Welsh, J. C.
 Whiteley, W.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, Dr. J. H. (Llanelli)
 Williams, T. (York, Don Valley)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE AYES.—
 Mr. Charles Edwards and Mr.
 Hayes.

NOES.

Agg-Gardner, Rt. Hon. Sir James T.
 Albery, Irving James
 Alexander, E. E. (Levton)
 Alexander, Sir Wm. (Glasgow, Cent'l)
 Allen, J. Sandeman (L'pool, W. Derby)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Ansley, Lord
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Atkinson, C.
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Baintlie, Lord
 Beamish, Rear-Admiral T. P. H.
 Beckett, Sir Gervase (Leeds, N.)
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bentinck, Lord Henry Cavendish-
 Berry, Sir George
 Bethel, A.
 Blundell, F. N.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Briggs, J. Harold
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Brig.-Gen. H.C. (Barks, Newb'y)
 Buchan, John
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burney, Lieut.-Com. Charles D.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Calne, Gordon Hall
 Campbell, E. T.
 Carver, Major W. H.
 Cautley, Sir Henry S.
 Cayzer, Sir C. (Chester, City)
 Cavzer, Maj. Sir Herbt. R. (Preston, S.)
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hon. N. (Ladywood)
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchill, Rt. Hon. Winston Spencer
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Coffox, Major Wm. Phillips
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtald, Major J. S.
 Craig, Capt. Rt. Hon. C. C. (Antrim)
 Craig, Sir Ernest (Chester, Crewe)
 Croft, Brigadier-General Sir H.
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Dalketh, Earl of

Davidson, J. (Hertf'd, Hemel Hempst'd)
 Davies, Sir Thomas (Gloucester)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Eden, Captain Anthony
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 Erskine, Lord (Somerset, Weston-s.-M.)
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fielden, E. B.
 Finburgh, S.
 Foster, Sir Harry S.
 Fraser, Captain Ian
 Gadlie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glyn, Major R. G. C.
 Goff, Sir Park
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grattan-Doyle, Sir N.
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Grotrian, H. Brent
 Hacking, Captain Douglas H.
 Hannon, Patrick Joseph Henry
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hohler, Sir Gerald Fitzroy
 Holt, Capt. H. P.
 Hopkins, J. W. W.
 Hopkinson, Sir A. (Eng. Universalities)
 Horne, Rt. Hon. Sir Robert S.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, R. S. (Cumberland, Whiteh'n)
 Hume, Sir G. H.
 Hunter Weston, Lt.-Gen. Sir Aylmer
 Hurd, Percy A.
 Hurst, Gerald B.
 Inskip, Sir Thomas Walker H.
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 Kidd, J. (Linlithgow)
 Kindersley, Major Guy M.
 Kinloch-Cooke, Sir Clement
 Lamb, J. Q.

Lane Fox, Col. Rt. Hon. George R.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Lloyd, Cyril E. (Dudley)
 Locker-Lampson, G. (Wood Green)
 Long, Major Eric
 Lowe, Sir Francis William
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, R. (Glasgow, Cathcart)
 Macdonnell, Colonel Hon. Angus
 Macintyre, Ian
 McLean, Major A.
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriot, Sir J. A. R.
 Meller, R. J.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streattham)
 Moles, Rt. Hon. Thomas
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore-Brabazon, Lieut.-Col. J. T. C.
 Morrison H. (Wilts, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, Col. Rt. Hon. W.G. (Preston, Id.)
 Nuttall, Ellis
 O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, Sir Basil E. (Devon, Barnstaple)
 Pilditch, Sir Philip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Price, Major C. W. M.
 Radford, E. A.
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remnant, Sir James
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.

Sanderson, Sir Frank
 Sanden, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Smithers, Waldron
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lord (Fyfe)
 Stanley, Hon. O. F. G. (Westm'eland)
 Streetfield, Captain S. R.

Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)

Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Chest'r, Stalyb'ge & Hyde)
 Wood, Sir S. Hill- (High Peak)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburgh, Major Robert D. T.

TELLERS FOR THE NOES.—
 Major Sir George Hennessy and
 Mr. F. C. Thomson.

NEW CLAUSE.—(Relief in respect of voluntary contributions under National Health Insurance Act or Widows', Orphans' and Old Age Contributory Pensions Act).

A voluntary contributor under the National Health Insurance Act, 1924, or the Widows', Orphans' and Old Age Contributory Pensions Act, 1925, shall be entitled to a deduction of the amount of the annual contributions paid by him, or deducted from his salary or stipend, under either or both of those Acts, from any profits or gains in respect of which he is liable to be charged for Income Tax.—[Mr. Townend.]

Brought up, and read the First time.

Mr. TOWNEND: I beg to move, "That the Clause be read a Second time."

This Clause is a simple one and the reasons for submitting it are perfectly simple. I have no doubt that the Financial Secretary to the Treasury has already received instructions to accede to this very simple request, so that there is no need for me to traverse a wide range of arguments. It will be noticed that the Clause deals with two sections of the community, namely, those who pay voluntary contributions for National Health Insurance and those who, in addition, have taken advantage of the recent legislation providing for assistance to widows and orphans, and making further provisions in respect of Old Age Pensions. I want to pay tribute to the Treasury and the Ministry of Health for providing this legislation for the benefit of a most deserving section of the people. Under the Widows', Orphans' and Old Age Contributory Pensions Act, 1925, there is an extension of the principle of Old Age Pensions to those who were formerly denied them. Persons are enabled to make provision for their widows if, in addition to paying their own contributions, they pay the contribu-

tions, which are normally paid by the employers. That is to say, those whose salaries or wages exceed the £250 per annum mark and who were excluded from the provisions of the former Old Age Pensions Act can now, under the new legislation, make arrangements for themselves and their widows by paying both their own contributions and the contributions of the employer. Unfortunately, there is no relief provided in respect of these payments from Income Tax. When these persons make out their Income Tax returns and they pay premiums for endowment or insurance policies, they are entitled to relief from Income Tax in respect of such payments, but when it comes to the sums they pay in respect of voluntary contributions under the National Health Insurance Act or the Widows', Orphans' and Old Age Contributory Pensions Act, no allowance is made.

We suggest that, if it is justifiable to make allowances for insurance premiums, then there should be no difficulty whatever in the Government agreeing to the same principle being applied in respect of voluntary contributions made by those whose salaries are approximately £250 and over. The same principle applies in the case of payments for superannuation benefit. We know that, if a man pays 2½ per cent. or 5 per cent. of his salary to enable himself or his widow to take advantage of the benefits that the superannuation fund provides, relief is granted by the Treasury, and such payments are free from Income Tax. We suggest that as superannuation contributions and endowment insurance contributions are exempt, the same privilege should be extended in respect of voluntary contributions under the Widows', Orphans' and Old Age Contributory Pensions Act. There is a further argument which might

be submitted for the consideration of the Committee. The contributions which the employer makes in respect of Health Insurance and Widows' and Orphans' and Old Age Pensions are allowed to be included in the overhead charges of the business. They are exempt, therefore, from the payment of Income Tax. I suggest that these considerations might be taken to heart by the Treasury and that they should respond to the appeal that we are making in submitting this new Clause. The only difference is that, whereas the employer is provided with relief because of his being able to include the contributions in his overhead charges, the voluntary contributor becomes, as far as this payment is concerned, his own employer. If exemption or relief be provided in the case of the employer, such relief ought therefore to be enjoyed by the voluntary contributor.

The Financial Secretary to the Treasury knows that the granting of such a concession would cost the country very little. The members of the community who will benefit are those who have only just passed the £250 a year mark—the £5 a week man—and we know that if there be any section of the community which is carrying a heavy burden it is certainly this section. There is very little protection offered to the members of this class, who stand almost alone. Really, the Treasury ought to bear in mind that this section of the community which is so often said to be the backbone of the nation, stands appealing to them for assistance in the direction indicated. I hope that they will bear in mind that they are a very deserving section of the community. If the Treasury desire any encouragement, surely what they did on Tuesday should be an added inducement to them to assist these people, because, in response to the claims made by more powerful interests and by more cogent arguments than those I can advance, but yet with no stronger case, they made very valuable concessions to Members on the opposite side of the House. There are no more deserving cases than the cases I have submitted. Therefore, I hope the Financial Secretary will view this proposition favourably and that he will be empowered by the Treasury to accept it. Then this appeal will not have been made in vain.

Mr. McNEILL: I am genuinely sorry to have to disappoint the hon. Member in regard to this particular Clause, which I am unable to accept, but, at the same time, I think he is under a little misapprehension as to the way in which his proposal would work out. I do not know whether he realises that, so far as contributions under the National Health Insurance Act are concerned, no relief as a deduction from Income Tax is allowed whether the contributions are compulsory or voluntary. The hon. Member now proposes that relief should be given in the case of voluntary contributions. Therefore, on that point alone, there is an objection. If this Clause were carried, the effect would be that the voluntary contribution would be a legal deduction from Income Tax whereas the contribution made by the compulsory contributor would not be. One can imagine that if there were a case for allowing a deduction in respect of voluntary contributions, there would be a very much stronger case for giving a reduction in respect of compulsory contributions.

Mr. TOWNEND: Is it not a fact that the compulsory contributions paid by the employer are included in the overhead costs of the firm, and therefore not assessable for Income Tax at all? That is the point I desire to make, that the employer's proportion of contributions for Health Insurance is included in overhead and business costs, and is, therefore, not assessable for Income Tax as stated by the Parliamentary Secretary.

Mr. McNEILL: That is a different point.

Mr. TOWNEND: That was the point I was making.

Mr. McNEILL: That is not the point of my hon. Friend's Clause. What the Clause would do would be to enable the contribution of the voluntary contributor to be a deduction from Income Tax, whereas it would not make it so in the case of the compulsory contributor. I think that is a vital objection, though it is not by any means the only objection. I should have to ask the Committee to reject this Clause on other grounds beside that. Generally speaking, the contributions under the Widows and Orphans Pensions Act of last year, and those under the National Health Insurance Act, are contributions for the sake of

[Mr. McNeill.]

obtaining certain medical benefits. These benefits have at present an actuarial value, and I should like to tell the hon. Member what that value is. The actuarial value of the benefits secured by the voluntary contributor is substantially in excess of the 1s. 3d. or the 1s. 6d. a week which he pays. In the case of a man 40 years of age, who was a voluntary contributor on the 4th January, 1926, the benefits under the 1925 Act alone are at present such as would require a contribution of 2s. 8½d. per week, and in addition he receives benefits under the National Health Insurance Act. That is, of course, under another name a subsidy from the State, and I venture to submit to the Committee that no case is made out why there should be a further subsidy

to the voluntary contributor, especially as the effects of the new Clause would mean that the more well-to-do the voluntary contributor is, the more benefits he would receive. That I am certain is not the intention of the hon. Member. I do not know what the cost to the Exchequer would be if this new Clause were adopted, and I shall not attempt to give any figure at all, but I think it would be quite substantial. It is not on the ground of the cost to the State that I resist this new Clause, but on the principles I have submitted to the Committee.

Question put, "That the Clause be read a Second time."

The Committee divided: Ayes, 124; Noes, 258.

Division No. 246.]

AYES.

[5.50 p.m.]

Adamson, W. M. (Staff., Cannock)
Alexander, A. V. (Sheffield, Hillsbro')
Ammon, Charles George
Atkinson, C.
Attlee, Clement Richard
Baker, J. (Wolverhampton, Bilston)
Baker, Walter
Barker, G. (Monmouth, Aberlillery)
Barnes, A.
Bates, Joseph
Bowerman, Rt. Hon. Charles W.
Brooks, F. A.
Brown, Ernest (Leith)
Brown, James (Ayr and Bute)
Buchanan, G.
Buxton, Rt. Hon. Noel
Cape, Thomas
Cluse, W. S.
Collins, Sir Godfrey (Greenock)
Compton, Joseph
Connolly, M.
Cove, W. G.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dutton, Hugh
Dyer, Colonel Harry
Duncan, R.
Duncan, C.
Edge, Sir William
Edwards, C. (Monmouth, Bedwellty)
Edwards, J. Hugh (Accrington)
Evans, Capt. Ernest (Welsh Univer.)
Gardner, J. P.
Garro-Jones, Captain G. M.
Giffitt, George M.
Graham, D. M. (Lanark, Hamilton)
Graham, Rt. Hon. Wm. (Edin., Cent.)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hamilton, Sir R. (Orkney & Shetland)

Hardie, George D.
Harris, Percy A.
Hayday, Arthur
Henderson, Rt. Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hore-Belisha, Leslie
Hudson, J. H. (Huddersfield).
Hutchison, Sir Robert (Montrose)
Jenkins, W. (Glamorgan, Neath)
Johnston, Thomas (Dundee)
Jones, J. J. (West Ham, Silvertown)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, A. R. (Preston)
Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lee, F.
Lowth, T.
MacDonald, Rt. Hon. J. R. (Aberavon)
MacLaren, Andrew
Maclean, Neil (Glasgow, Govan)
MacNeill-Weir, L.
Maxton, James
Morris, R. H.
Morrison, R. C. (Tottenham, N.)
Moseley, Oswald
Murnin, H.
Naylor, T. E.
Oliver, George Harold
Pain, John Henry
Paling, W.
Parkinson, John Allen (Wigan)
Potts, John S.
Richardson, R. (Houghton-le-Spring)
Ritson, J.
Robinson, W. C. (Yorks, W.R., Elland)
Ross, Frank H.

Salter, Dr. Alfred
Scrymgeour, E.
Sexton, James
Shaw, Rt. Hon. Thomas (Preston)
Shepherd, Arthur Lewis
Shiels, Dr. Drummond
Short, Alfred (Wednesbury)
Sinclair, Major Sir A. (Calthness)
Slessor, Sir Henry H.
Smith, Ben (Bermondsey, Rotherhithe)
Smith, H. B. Lees (Kelghiey)
Smith, Rennie (Penistone)
Snell, Harry
Snowden, Rt. Hon. Philip
Spoor, Rt. Hon. Benjamin Charles
Stephen, Campbell
Stewart, J. (St. Rollox)
Strauss, E. A.
Sutton, J. E.
Taylor, R. A.
Thorne, G. R. (Wolverhampton, E.)
Thurtle, Ernest
Tinker, John Joseph
TOWNEND, A. E.
Trevelyan, Rt. Hon. C. P.
Varley, Frank B.
Viant, S. P.
Wallhead, Richard C.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Wedgwood, Rt. Hon. Josiah
Wellock, Wilfred
Welsh, J. C.
Williams, C. P. (Denbigh, Wrexham)
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Williams, T. (York, Don Valley)
Wilson, R. J. (Jarrow)
Windsor, Walter
Wright, W.

TELLERS FOR THE AYES.—
Mr. Whiteley and Mr. Hayes.

NOES.

Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Allen, J. Sandeman (L'pool, W. Derby)
Amery, Rt. Hon. Leopold C. M. S.
Applin, Colonel R. V. K.

Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Baldwin, Rt. Hon. Stanley
Balfour, George (Hampstead)
Bainet, Lord
Beamish, Rear-Admiral T. P. H.

Beckett, Sir Gervase (Leeds, N.)
Bellairs, Commander Carlyon W.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Bentinck, Lord Henry Cavendish
Berry, Sir George

Bethel, A.
 Blundell, F. N.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Briggs, J. Harold
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Col. D. C. (N'th'd., Hexham)
 Brown, Brig.-Gen. H. C. (Berks, Newb't)
 Buchan, John
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Calne, Gordon Hall
 Campbell, E. T.
 Carver, Major W. H.
 Cassels, J. D.
 Cantley, Sir Henry S.
 Cawser, Sir C. (Chester, City)
 Cayzer, Maj. Sir Herbt. R. (Prtsmth. S.)
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hon. N. (Ladywood)
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cohen, Major J. Brunel
 Colfox, Major Wm. Phillips
 Colman, N. C. D.
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cape, Major William
 Couper, J. B.
 Courtauld, Major J. S.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Capt. Rt. Hon. C. C. (Antrim)
 Craig, Sir Ernest (Chester, Crewe)
 Croft, Brigadier-General Sir H.
 Crooke, J. Smedley (Deritend)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Dalkeith, Earl of
 Davidson, J. (Hert'd., Hemel Hempst'd)
 Davidson, Major-General Sir J. H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Sir Thomas (Gloucester)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Drewe, C.
 Eden, Captain Anthony
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 England, Colonel A.
 Erskine, Lord (Somerset, Weston-s.-M.)
 Evans, Captain A. (Cardiff, South)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fielden, E. B.
 Finburgh, S.
 Foster, Sir Harry S.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Galsbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gaulf, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham

Gilmour, Lt.-Col. Rt. Hon. Sir John
 Glynn, Major R. G. C.
 Goff, Sir Park
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greene, W. P. Crawford
 Grenfell, Edward C. (City of London)
 Gretton, Colonel Rt. Hon. John
 Grotrian, H. Brent.
 Gunston, Captain D. W.
 Hacking, Captain Douglas H.
 Hannon, Patrick Joseph Henry
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Col. Arthur P.
 Henn, Sir Sydney H.
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hohler, Sir Gerald Fitzroy
 Holt, Capt. H. P.
 Hopkins, J. W. W.
 Horne, Rt. Hon. Sir Robert S.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, R. S. (Cumberland, Whiteh'n)
 Hume, Sir G. H.
 Hurd, Percy A.
 Hurst, Gerald B.
 Inskip, Sir Thomas Walker H.
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Llithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Lamb, J. Q.
 Lane Fox, Col., Rt. Hon. George R.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Lloyd, Cyril E. (Dudley)
 Locker-Lampson, G. (Wood Green)
 Long, Major Eric
 Lougher, Lewis
 Lowe, Sir Francis William
 Lucas-Tooth, Sir Hugh Vere
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, R. (Glasgow, Cathcart)
 Macdonnell, Colonel Hon. Angus
 MacIntyre, Ian
 McLean, Major A.
 Macmillan, Captain H.
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Macpherson, Rt. Hon. James I.
 Macquisten, F. A.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Meller, R. J.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streatham)
 Moles, Rt. Hon. Thomas
 Mond, Rt. Hon. Sir Alfred
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Col. T. C. R. (Ayr)
 Moore-Brabazon, Lieut.-Col. J. T. C.
 Morrison, H. (Wilts, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, Col. Rt. Hon. W. G. (P'ts'd.)
 Nield, Rt. Hon. Sir Herbert
 Nuttall, Ellis
 O'Neill, Major Rt. Hon. Hugh
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, Sir Basil E. (Devon, Barnstaple)
 Pidditch, Sir Philip
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Price, Major C. W. M.
 Radford, E. A.
 Ramsden, E.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remnant, Sir James
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West- (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Skelton, A. N.
 Sianev, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Smithers, Waldron
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Hon. O. F. G. (Westm'land)
 Streetfield, Captain S. R.
 Stuart, Crickton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Wolmer, Viscount
 Womersley, W. J.
 Wood, E. (Ches't'r, Stalyb'ge & Hyde)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES—
 Major Sir George Hennessy and
 Captain Lord Stanley.

NEW CLAUSE.—(*Gas Mantles.*)

"The Customs Duty imposed under the Safeguarding of Industries (Customs Duties) Act, 1925 (Geo. V., c. 79), on mantles for incandescent lighting, whether collodionised or not, shall be reduced from six shillings the gross to one shilling the gross as from the first day of August, nineteen hundred and twenty-seven, and the Customs Duty imposed under the same Act on impregnated hose or stockings for use in the manufacture of such mantles shall be reduced from four shillings and sixpence the pound to sixpence the pound from the first day of August, nineteen hundred and twenty-seven."—[*Mr. Harris.*]

Brought up, and read the First time.

Mr. HARRIS: I beg to move, "That the Clause be read a Second time."

Most of the new Clauses and many of the Amendments to this Finance Bill have been met by the representative of the Government, especially by the Financial Secretary, by the argument of the need for revenue and the necessity for making the Budget balance. That has been the case against accepting the new Clause or the Amendment, as the case might be. I move my new Clause with greater confidence, therefore, because its acceptance would not mean any serious loss to the revenue. This duty on gas mantles brings in such a small amount that it is not worth consideration. I should not have raised this subject at the present time if some new factor had not arisen. I am not in favour of bringing up each year the same case and the same arguments unless new factors have arisen during the year, and I think I can show that a new factor has arisen which did not exist when Parliament was persuaded to single out this industry for protection under the Safeguarding of Industries Act. The factor which has arisen is this. A ring of the manufacturers of gas mantles has been formed. It was in existence, I believe, before the duty was imposed, but since then it has been strengthened and almost, if not entirely, completed.

In spite of the duty, the gas mantle manufacturers find that they are not able to compete with the German product; or it may be that they are not satisfied with their profits or the amount of their dividends. Whatever the case may be, they have taken advantage of this duty to come to an agreement with the German manufacturers and I am informed that the arrangement is that on every gross

of gas mantles produced they are to pay a bonus of 4s. to the German interests. That is a result which the Government, no doubt, never anticipated and certainly one which this Committee

6.0 p.m. would not desire. I have often heard from hon. Mem-

bers opposite about the foreigner paying the duty, but I do not think even the most ardent Tariff Reformer would defend the practice of the users and manufacturers of a particular article in this country paying a bonus to German interests. That is something which the Committee ought to condemn in no uncertain way and this proposed new Clause affords them an opportunity of doing so. This is a very evil precedent for other industries to follow. If we are to have the complicated organisation of the Safeguarding of Industries Act constantly at work, we ought to condemn schemes of this kind which are unsound financially and bad for everybody concerned. The old machinery of safeguarding, in reference to depreciated exchanges, gave this industry a certain amount of protection in the first instance, and on a second inquiry it has been given this duty.

At that second inquiry certain figures were produced. They can be found in the shorthand notes, which I am prepared to produce, but no doubt the Parliamentary Secretary to the Board of Trade has had the advantage of seeing them. Knowing the hon. Gentleman's diligence and industry, I have no doubt he has gone through them, paragraph by paragraph and word by word, and is as familiar with the shorthand notes as he is with the Prayer Book or the Bible. We find in the evidence of the applicants figures to show that the wholesale price of the German mantles per gross was 22 shillings but the English manufacturers, owing to labour costs and other causes, could not sell under 26 shillings. They asked for a protection of 10 shillings a gross and the Committee recommended six shillings a gross. After the duty had been granted the price of the standard gas mantle—that is the popular article, generally used in working-class homes—remained at 26 shillings, but in little less than a year it went to 36 shillings. I have here the official price list of the combine, which shows that the standard gas mantle, which was the subject of inquiry and on which evidence was given,

has gone from 26 shillings a gross to 37s. 6d.—that is the English price—and that 37s. 6d. is the price for large quantities, such as 500 gross lots. The price in small quantities, such as single gross lots, is very much higher and works out at something like 45 shillings.

Mr. HANNON: What mantle is the hon. Member speaking of?

Mr. HARRIS: The cheap mantle—the mantle used by my constituents in the East End of London and not the high-class mantle like the Veritas. I am coming to that in a moment.

Brigadier-General Sir HENRY CROFT: What is the increased price in that case?

Mr. HARRIS: The cheap gas mantle was dealt with in the evidence at the inquiry—the standard mantle—and, as I say, it has gone up from 26 shillings wholesale to 37s. 6d. That is an undoubted fact. The other day these figures were challenged. The hon. Member for Reading (Mr. H. Williams) asked the President of the Board of Trade whether the prices had gone up and, with all the authority and organisation of his Department behind him, the right hon. Gentleman was able to say that the average price had only gone up by one shilling a gross. At the inquiry the principal article was alleged to be the article which was formerly sold at 26 shillings; now it is said that the average price has only gone up by one shilling a gross, although the price of the principal article in the trade has gone up from 26 shillings to 37s. 6d. There is a simple explanation. I knew my hon. and gallant Friend the Member for Bournemouth (Sir H. Croft) would be watching me very closely on this occasion and cross-examining me because he is anxious to get at the truth in these matters and to see that the public are not fleeced in his attempts to give protection to the producer and the manufacturer. Accordingly, I made careful inquiries and went round a number of the ordinary shops. I admit it is rather difficult to get at the price. We have had practically constant protection for this particular article since 1923 with an interregnum of less than a year. Under the safeguarding machinery concerned, with depreciated exchanges, there were some 21 months of protection. Then there was the time when the market was

free and the cheap article became available, but that was a comparatively short period. I find that in that short period it was possible for the ordinary user of gas to buy a gas mantle at 3½d. or 4½d. That article has disappeared from the market. I have searched every shop in and about the back streets and they can no longer be bought. What has happened is this. The difference between the original 26 shillings a gross article and the more expensive article—

Mr. HANNON: The hon. Member is talking about two totally different articles. He is not comparing like with like.

Mr. HARRIS: I am pointing out that the difference between the cheap article and the better quality article in price is now so small as to be hardly worth consideration. The difference between the standard mantle and the Veritas article is so small that the users find it better to pay the extra price for the better article—and the price is 6½d. I took the trouble to buy one of these mantles, and here it is. This is not the 3½d. article but the better article—the 6½d. article. It is the "Welsbach Cone Inverted Burner." It is branded, and it has an interesting sentence on it which will appeal to the patriotism of hon. Members opposite, "Export prohibited to Australia and New Zealand." Why is that? It is because the German manufacturers have now control of the English trade. Are hon. Members opposite satisfied with that position of affairs? All the articles produced in this country have to pay a bonus of 4s. a gross. Is that what hon. Members desire from Tariff Reform? Do they call that fair trade? I call it a most vicious and unsatisfactory system of combines and trusts. You are safeguarding the German manufacturer and fleecing the public; the working class can no longer get the cheap gas mantle, and have to buy the more expensive article—a better class and better quality article, I agree, but a more profitable article to the producer. All the time, labour is not benefiting because our English workers are not allowed to manufacture for export to the British Dominions and Colonies. Owing to the benevolent attentions of the Government, in their efforts to help trade in the Empire, we have played into the hands of the German

[Mr. Harris.]

manufacturers and the public is paying 4s. a gross while no longer having the advantage of the cheap article. I submit that hon. Members, whether Free Traders or Protectionists, must recognise that there is a strong case for the repeal of this duty and that the case is all the stronger in that the repeal of the duty involves no loss to the Revenue because the amount derived from the duty is infinitesimal. The number of mantles coming in is practically negligible and those which do come in are from Belgium and not from Germany. For these reasons I ask the Committee, irrespective of fiscal views, to vote for the proposed new Clause.

The PARLIAMENTARY SECRETARY to the BOARD of TRADE (Sir Burton Chadwick): An important feature of the gas mantle duty is that it was imposed under one of the requirements in Part II of the White Paper on the grounds of its nature, its manufacture and its use. The mantle depends for its illuminating effect on the heating power of gas, and it is by the use of mantles that we are able to strip the gas and obtain and conserve very valuable by-products in benzol. That was the main reason for imposing this duty on gas mantles—in order to conserve the gas mantle industry and these valuable by-products. It was also with a view to maintaining the only commercial outlet for thorium and cerium which are used in the manufacture of gas mantles. So much for the reasons which induced the Government in 1925 to impose the duty. The hon. Member for South-West Bethnal Green (Mr. Harris) has referred to the agreement with the Germans. That agreement was made, I think, some six months after the duty came into operation. The hon. Member has treated it in a very surprising way. Before this convention was drawn up the Germans were enabled to provide a bounty on the export of their own mantles, which amounted to a considerable sum. I am not sure how much it was, but I think it was over 2s. a gross, and the British manufacturers thereupon entered into an agreement with the German association and with associated firms in other countries the largest firms in Italy, Austria, Poland and Holland. That arrangement reserves to the British manufacturers on the one hand the market in the United Kingdom and cer-

tain Imperial markets, and to the Continental manufacturers, the European and United States market—the remainder of the world being, I understand, neutral. As the trade done in this country and the Empire by members of the Convention was more valuable than our trade with the Continent, I understand the British manufacturers agreed to make compensatory payments based upon future British sales in British territory. The hon. Member has stated that under the agreement British producers are paying the Germans 4s. a gross to keep German mantles out of this country. I do not know the actual figure, but I think he very much overstates it when he puts it at 4s. a gross. He says the wholesale prices have increased since the duty from 26s. per gross to 37s. 6d. per gross, and the retail prices from 4½d. each to 6d. and 6½d. each. I suggest to him that he is not comparing like with like, and that his argument is misleading. To what does it amount?

The hon. Member has treated this arrangement with the Germans as a most immoral procedure. He says they took advantage of the duty in order to make this arrangement, and he condemned that as an undesirable thing to do. I would have said that one of the first fruits of the duty was that it put our people in a position to enable them to make a satisfactory arrangement. That is one of the claims for any duty of this kind, and it operated at once in favour of the British mantle manufacturers. They made their arrangement with the Germans at a time when the trade being done by the Continental mantle manufacturers was overwhelming the mantle manufacturers of this country, and we were losing this important trade of mantle manufacturing, and losing the advantage of the production of by-products. Therefore, I take quite the opposite view from that of the hon. Gentleman as to the morality and the wisdom of the arrangement made by British manufacturers, and as to the wisdom of Parliament in imposing the duty which enabled them to make that arrangement. As to his prices, before the War Germany imported into this country a large number of gas mantles, which were known as one-ply mantles. I believe it is that class of mantle to which the

hon. Member has been referring, the mantle the wholesale price of which was 26s. a gross.

Mr. HARRIS: 22s. from Germany.

Sir B. CHADWICK: More recently this class of mantle has not been made in this country, but has been replaced by the two-ply mantle, which the makers claim has a much greater lighting power, strength and durability. Many of our gas companies are in the habit of providing gas fittings and making an overhead charge for maintaining them, including the maintenance of the mantles, and it is a proof of the higher quality of the two-ply and the more expensive mantles that these big companies do not use the one-ply or the cheaper quality of mantles to which the hon. Member is referring; and if they do not know what a good mantle is, I am sure the hon. Gentleman does not nor do I. That, I think, supplies a very good answer as to the difference in quality of the mantles. The wholesale price of these latter mantles is about 37s. 6d. a gross. I understand that no mantle of the one-ply type, which he referred to as being sold at 26s. a gross, is being made in this country, but the wholesale price of the better quality article is practically the same as it was before the duty was put on.

Mr. HARRIS: The article to which I referred was the one-ply mantle. It was stated in evidence that it was imported at 22s. and sold in England to manufacturers at 26s. The manufacturers did not ask protection for the more expensive mantles, including the Veritas, already on the market.

Sir B. CHADWICK: That may be. I am not clear as to whether he ever made this cheaper mantle; but these points were all before the House of Commons in 1925 when the duty was introduced. I am just describing to the hon. Gentleman where I think he is wrong in comparing one type of mantle with another. He has told us that he went shopping. It is very difficult to furnish any useful analogy when giving detailed prices of things like gas mantles. Gas mantles are sold in all classes of shops. Very often they are sold at different prices in different shops in the same district. I am advised that

the one-ply mantle to which he has referred can be bought at about 3d. in some of the cheaper shops, and I am informed that the retail price of the class of mantle now most generally made by British makers is substantially the same as it was before the duty was imposed, and that the prices range to-day from 4d. in the cheaper class of shops—and even I believe as low as 3d.—

Mr. HARRIS indicated dissent.

Sir B. CHADWICK: The hon. Member shakes his head, but I think I am right. The prices range from that figure in the cheaper shops to 6½d., or perhaps more, in the dearer shops. I believe I can sum up what I have been saying in a way which will convince the hon. Member, because he is a reasonable man in everything except this one subject which is not even politics or economics but religion with him. I believe I can sum up in a way which will convince him in his innermost heart. What is it he wants? Of what is it that he is complaining? This duty has been imposed for two years. As to employment numerically, it is not of great consequence, because there are not a large number of people employed in the trade. The output and the sales of British-made mantles are from 14 per cent. to 15 per cent. higher than before the duty was imposed. As to the price, I will prove to him that prices are lower to-day, like for like, than before the duty was imposed. Furthermore, and this is to me the most valuable element, the duty has provided a bargaining instrument for the British traders in negotiations with German opponents who were undercutting them. I think those are very valuable reasons. I have got a box full of these mantles. I have not confined myself to one. I have here a mantle which costs 7½d.—a foreign one. I have also got a British one, two-ply at 4½d.

Mr. HARRIS: The wholesale price.

Sir B. CHADWICK: This morning a member of my staff at the Board of Trade went out and bought a British two-ply mantle for 3d. I think I have disposed of the hon. Member opposite on every count.

Mr. CRAWFORD: I am sure the Committee have followed with the greatest interest the able exposition which the

[Mr. Crawford.]

hon. Member has made of one side of the case. He has moved about from point to point with great freedom, and has delivered what is in his own view a convincing refutation of my hon. Friend the Member for South-West Bethnal Green (Mr. Harris). Let me deal with the exhibits, which have now disappeared, with which he concluded his case. I am informed that the quality which my hon. Friend referred to as the ram standard quality is the quality of mantle which makes up 90 per cent. of the trade. It may be perfectly true that mantles of this or that quality, or this price or that may be sold here and there for a higher figure, but the chief thing to be considered in my view—and I am not so much concerned with gas companies—is the price of the ordinary gas mantle used by the poor persons in my constituency, the gas mantle which they go out to buy when they want a mantle. The hon. and gallant Member who formerly represented Leith informed the Government on a previous occasion that they had chosen the darkest day of the year in order to tax the light of the people, and it is the mantle which provides the light for common ordinary people with which I am concerned. Ninety per cent. of that trade is done in this mantle which is called the ram standard mantle. I have the figures before me, not the retail figures, and the hon. Member representing the Government is an experienced and able enough business man to know that there is a great deal of difference between wholesale figures and retail figures. If you buy 500 gross the lowest price for that standard mantle wholesale is 37s. 6d. per gross.

Mr. SANDEMAN: May I ask what is the trade discount? That makes a difference.

Mr. CRAWFORD: I know it makes a difference, but I have not got the trade discount. I know perfectly well, too, that even making allowance for trade discount, the wholesale figure is considerably below the retail figure, the figure at which the mantle is sold to the customer. While the hon. Member was speaking, I did a rapid arithmetical calculation, which I hope more experienced hon. Members will check, and

I find, according to my methods of doing arithmetic, that 37s. 6d. a gross represents one-third of a shilling, which is 4d. Therefore, the wholesale price for this article, which represents 90 per cent. of the trade in these gas mantles, is 4d. each, wholesale. In face of that, it is no good the hon. Member trying to convey the impression, though I will not say he did try to convey the impression. It is to be hoped that hon. Members opposite will not run away with the impression that, because a gas mantle can be produced to be sold at 3d., that is the price the ordinary—[*Interruption*—]—there will be plenty of time afterwards—

Mr. H. WILLIAMS: Your arithmetic is wrong. You asked us to check it, and we have done so.

Mr. CRAWFORD: I know there is a small fractional difference—

Mr. HANNON: It is only just over 3d.

Mr. CRAWFORD: Apart from that, a very remarkable statement was made by the hon. Member during the course of—[*Interruption*.] Very well, let us take 3.15d. That is the wholesale price of lots of 500 gross. The hon. Member for Reading (Mr. H. Williams) surely will not tell me that, if the wholesale price per gas mantle is 3.15d., for the largest lot you can buy, in other words the lowest price, the retail price of the average is not going to be considerably more. The hon. Gentleman began his reply with a statement about thorium and cerium, and, as I understood his argument, it was that it was necessary to preserve the staff and plant for the production, or refining, or preparation of thorium and cerium in this country. The reason for that argument was that at a certain period the supplies of these metals were in the hands of the Germans, and one of the reasons, if not the chief reason, for this duty, is in order to maintain that industry in this country. I remember that, at the time when this duty was introduced, as at the time of the introduction of every other Safeguarding Duty, we on this side asked if we might be allowed to see the evidence on which the conclusions were based. When the hon. Gentleman says that these questions were settled when the duty was originally imposed, he does not get over the fact that on no single

occasion when these duties have been imposed has the House of Commons, when it has been asked to make the decision, been given the privilege of seeing the evidence on which that decision ought, rightly speaking to be based.

Mr. HANNON: The evidence was given in public.

Mr. CRAWFURD: I do not know whether the hon. Member himself has nothing to do during the day, but he must know perfectly well that the pressure on the time of Members of the House does not permit them, as a rule, to attend public inquiries.

Mr. HANNON: It is well known that those who were interested in defending the imposition of this duty to protect a British industry had their people there making careful notes of all the evidence.

Mr. CRAWFURD: Is it the hon. Member's contention that interests which are in favour of this or of other duties have their people there making careful notes?

Mr. HANNON: Yes.

Mr. CRAWFURD: Surely, there could not be a greater condemnation of the action of the Government than that. Are we to rely upon what, at the best, must be *ex parte* statements or *ex parte* selections of evidence given during the inquiry? Is it not better that there should be an authoritative official account of the evidence, which would be above any criticism or reproach from the point of view of partiality? Even without that, the Committee, in their Report on this duty said:

"The gas mantle industry in this country was at that time"—

That was in 1913—

"to a considerable extent in German hands, and existed largely on sufferance, owing to the control which the Germans exercised over supplies of monazite sand and the thorium industry. During the War, the Travancore deposits of monazite sand were freed from German control, the manufacture of thorium and cerium was established in this country, the German hold over the gas mantle industry here was released, and the equipment of the industry was greatly extended."

On that showing there was no case whatever for protecting this industry in order to protect the thorium and cerium industry. I pass on to what I think was the very remarkable interpretation of

the hon. Gentleman with regard to the arrangement between the English manufacturers and the German manufacturers. He talked about compensatory payments made to German manufacturers; but at whose expense? At the expense of the British consumer. Never once during all the discussion has there been any reference whatever to the case of the consumer. I see that the hon. Member for Wandsworth (Sir H. Jackson) is making preparations to speak on this matter. I understand that in his constituency there are factories or industries which are affected by this duty. Will the hon. Member give us information as to the movement of wages in this industry during the periods when this duty has been on and when it has been off? Will he tell us if the people who are employed have benefited largely by this duty? In an article which appeared the other day in the "Manchester Guardian" Commercial Supplement—not, I think, a paper that can be lightly disregarded in these matters—I find two things. In the first place, I find that the figure of 4s. per gross, which my hon. Friend the Member for South-West Bethnal Green (Mr. Harris) gave as the tribute paid by English manufacturers to German manufacturers, is an accurate one. I also find a calculation showing that, during one year after this duty had been imposed, those concerned who had benefited by this duty made as much as £300,000. Of course, they are satisfied with the duty; but will the hon. Member for Wandsworth explain to us who are the people who have got additional employment, and what share they had of the £300,000?

Let me return, as I am wandering a little, to a point that the hon. Gentleman made. He said that one of the great virtues of this duty was that it had enabled our people to make arrangements with the German producers—that, in other words, a virtue of a protective duty is that it enables British manufacturers, by arrangement, to keep out of the country those articles which would compete with them, and, as a result of that freedom from competition, to exploit the consumers in this country to an extent which enables them to pay to their foreign competitors a tribute of 4s. per gross. If that be a virtue according to the hon. Gentleman, give me vice every time. As in every other instance, no

[Mr. Crawford.]
kind of case has been made out for this duty. Hon. Members opposite in interjections, while I have been speaking on this and on other occasions, have said that really there is no increase in the price, that the consumer has not to pay. May I remind them that, in another connection which is very apropos of this one, a colleague of the hon. Gentleman's, the Minister of Agriculture, replying to a deputation of agriculturists, said that a protective duty would be of no use whatever to the agricultural industry unless it raised prices. What is true of agriculture is true of every other industry. A case has never been made out for this duty; it is impossible to make out a case for it to-day. We all know what will happen. In a few minutes, when we come to our Division, hon. Members will troop into the House, and the obedient Government majority, as they have always done in the past, will record their votes, without any case behind them, without any reason for what they are doing.

Sir H. CROFT: I do not think the Liberal party has even done that.

Mr. CRAWFURD: A short time ago, the Press informed us of the arrival of a new species at the Zoological Gardens. Those feathered creatures which have lately arrived there are known as processionary birds, and we are told that the official description of these processionary birds is that they are creatures which follow one another in single file for an indefinite time and for no apparent reason. We shall see the processionary birds from the Government benches flocking into the Lobby again, and we shall know once more that we are right and they are wrong.

Sir HENRY JACKSON: I think we may now get back from these rather sterile zoological arguments to the practical realities of this case. I want to point to the practical results of this safeguarding duty in the constituency which I have the honour to represent, and which manufactures, I suppose, something like 85 per cent. of the gas mantles produced in this country; and I would then like to summarise very briefly what has happened. In the first place, let me state—and I may say that I am allowed to state this on behalf of the Incandescent Gas Mantle Manufacturers' Asso-

ciation, so that both the facts and the conclusions may be regarded as official—that the average increase in the wholesale price of mantles during this year over the previous year is less than 1s. per gross, and, as the hon. Member for South-West Bethnal Green (Mr. Harris) has not quite realised, that increase of 1s. per gross has been entirely made up of increases in the cost of ramie yarn and thorium nitrate. Those two commodities have increased to the extent of 1s. 4d. per gross of mantles. A second fact is one that has been alluded to so often that I need not emphasise it, and I would only repeat what the President of the Board of Trade said on the 28th June, namely, that, from the information in the possession of his Department, the retail price has not increased as a consequence of the imposition of this duty. I venture to say that an official statement of that kind may be accepted by the Committee in preference to the rather, shall I say, unofficial statements of the hon. Member for South-West Bethnal Green.

Several specimens have been produced this afternoon, and I do not wish to trouble the Committee with more, but I would tell the Committee that yesterday afternoon two British gas mantles were purchased—I can give the hon. Member for South-West Bethnal Green the addresses—at 4½d. each, whereas it has been repeatedly stated that they could not be bought for less than 6d. During this year British gas mantle manufacturers have sold 34,000 gross more than they sold the year before, and that, interpreted in employment, is at any rate a factor. I need not allude, as the Parliamentary Secretary has already done so, to the confusion in the mind of the hon. Member for South-West Bethnal Green as to what he calls the price of 26s. per gross before the imposition of the duty, and the price of 37s. 6d. to-day. The hon. Member is not speaking of things that are alike. He is referring, in the first instance, to a cheap article which was sold at less than cost price before the imposition of the duty, which was inferior in quality, so that no gas company in this country would buy or use it, and which, as a consequence of the duty, has been abandoned.

Therefore, the hon. Member, when he speaks of a price of 37s. 6d. per gross, ought, in all fairness to the Committee,

to compare like with like. Instead of being an increase of 11s. 6d. a gross, it is less than 1s., due to the increased price of ramie yarn and thorium. That is the crux of the matter. The Safeguarding Committee made it quite clear that, unless there was a satisfactory production of gas mantles in this country, this great industry, a key industry which was scheduled as a key industry in 1921, would go by the board. If thorium could not be produced in this country, we should be entirely dependent upon Germany. I need not tell the Committee of the great importance of thorium in time of war. We are entirely dependent upon it for war purposes, and if that trade was in the hands of the Germans, in the case of another war we should have to bear all the miseries that conditions of things would impose. The Committee were perfectly right when they said:

"The significance of the mantle lies first and last in the fact that it is practically the sole commercial outlet for thorium, which in its turn has been described to us as the bread and butter of a group of secondary chemical products, compounds of thorium and cerium."

Immediately the Safeguarding Duties were passed by this House, 18 months ago, there was a German gas mantle convention, and the German manufacturers decided that they must try to devise some new weapon to deal with the weapon which the President of the Board of Trade had placed in the hands of the British manufacturers. They decided that for the future the price of the gas mantle in Germany should be raised from 28s. a gross to 50s. a gross, and by that increase of the mantle in the German market they would be able to dump, as they thought, their gas mantles into this country. It was only fair that the British manufacturers should try to find another weapon to fight the weapon which was being used against him, and there was an arrangement, an agreement, made between the German manufacturers and the British manufacturers, the outlines of which have been stated. In Great Britain and certain of our Dominions the British manufacturer will have the field to himself. America and the Continent are to be in the hands of the German manufacturers. The rest of the world is to be a neutral sphere for both. What has happened in the last fortnight? It has been the custom of

the large firms in Calcutta to purchase their mantles in Germany, but now that the mantles of British and German manufacture are in the Calcutta market and are much the same, they have decided that in future they will give this country the preference, and that British mantles shall be bought.

The hon. Member for South West Bethnal Green (Mr. Harris) has said on more than one occasion—he did it this afternoon and his faithful lieutenant the Member for Walthamstow West (Mr. Crawford) has repeated the statement—that the British manufacturer is paying 4s. a gross to keep the German mantle out of this country. Will he allow me to tell him categorically that that is absolutely inaccurate and untrue. I am not at liberty to give him the figures, but he would be amazed what a small figure it is by which that agreement has been sealed. I hope that from now onwards we have heard the last in this House of the 4s. a gross increase in price.

Mr. HARRIS: I am open to correction. I have only ordinary sources of information; I am not in the secrets of the firms. Let the hon. Member tell the Committee the price, and I will withdraw my figure. Let him tell the conditions.

Sir H. JACKSON: I have stated the conditions. The conditions are the spheres of influence within which the different manufacturers can operate. The hon. Member's figure is certainly wrong by one half. I am not at liberty to tell him the actual figures. His figure is grossly inaccurate. He must allow me now to be content by telling him that his figure is grossly untrue. By this duty we have proved three things, (1) that, on the wholesale price, the increase of 1s. per gross is represented by the increased cost of things entirely outside the question of safeguarding, namely, the increase in the price of ramie yarn and thorium; (2) we have had the official statement of the President of the Board of Trade that the retail price has not increased; (3) we have the great factor that there is now a great field for the British gas mantle manufacturer not only in this country but in our Colonies, and also in the great neutral spheres.

I appeal to the Committee, finally, on a question which has nothing to do with sterile or academic fiscal considerations,

[Sir H. Jackson.]

but on the question of employment. In the year 1920, this industry found employment in my constituency for 3,300 people. As a consequence of the unfair competition, where the British gas mantle manufacturer was fighting with one hand tied behind his back, the number employed had decreased in 1924 to 1,700; in 1925 it had gone down to 1,500. There we had a spectacle of an industry, with all its allied industries, gradually disappearing as a British manufacture. We have seen that reduction stemmed; we have seen the rot stopped; we have seen the figures begin to go up, and at the present time there are nearly 1,800 people engaged in the gas mantle industry in my constituency. The right hon. Member for Colne Valley (Mr. Snowden) may smile. It may be a small thing to him, but if he happened to be a member of one of the small homes

in my constituency where a girl is bringing in a weekly wage and it was a question of that wage disappearing or not, I do not think he would smile. It means the difference between comfort and happiness in those humble homes in my constituency, and on their behalf I say that they owe a deep debt of gratitude to the President of the Board of Trade for the magnificent thing he has done. Unemployment is a grim fact which we have to face, and if we can relieve it in a small way, we are doing a great service. I have no hesitation in saying that the result of this duty in the last year has been wonderfully successful, and if the Committee, as I hope they will, continue the duty, I am certain that it will be abundantly justified.

Question put, "That the Clause be read a Second time."

The Committee divided: Ayes, 131; Noes, 240.

Division No. 247.]

AYES.

[6.55 p.m.]

Adamson, W. M. (Staff., Cannock)	Hamilton, Sir R. (Orkney & Shetland)	Salter, Dr. Alfred
Alexander, A. V. (Sheffield, Hillsbro')	Harney, E. A.	Scrymgeour, E.
Ammon, Charles George	Harshorn, Rt. Hon. Vernon	Sexton, James
Attles, Clement Richard	Hayday, Arthur	Shaw, Rt. Hon. Thomas (Preston)
Baker, J. (Wolverhampton, Bilston)	Hayes, John Henry	Shepherd, Arthur Lewis
Baker, Walter	Henderson, Right Hon. A. (Burnley)	Shiels, Dr. Drummond
Barker, G. (Monmouth, Abertillery)	Henderson, T. (Glasgow)	Short, Alfred (Wednesbury)
Barnes, A.	Hirst, G. H.	Simon, Rt. Hon. Sir John
Batey, Joseph	Hirst, W. (Bradford, South)	Sinclair, Major Sir A. (Caithness)
Bowerman, Rt. Hon. Charles W.	Hors-Bellisha, Leslie	Slessor, Sir Henry H.
Briant, Frank	Hudson, J. H. (Huddersfield)	Smith, Ben (Bermondsey, Rotherhithe)
Broad, F. A.	Jenkins, W. (Glamorgan, Neath)	Smith, H. B. Lees (Kelghley)
Brown, Ernest (Leith)	Johnston, Thomas (Dundee)	Smith, Rennie (Penlstone)
Brown, James (Ayr and Bute)	Jones, J. J. (West Ham, Silvertown)	Snell, Harry
Buchanan, G.	Jones, Morgan (Caerphilly)	Snowden, Rt. Hon. Phillip
Buxton, Rt. Hon. Noel	Jones, T. I. Mardy (Pontypridd)	Spoor, Rt. Hon. Benjamin Charles
Cape, Thomas	Kelly, W. T.	Stephen, Campbell
Cluse, W. S.	Kennedy, T.	Stewart, J. (St. Helios)
Clynes, Rt. Hon. John R.	Kirkwood, D.	Sutton, J. E.
Compton, Joseph	Lansbury, George	Taylor, R. A.
Connolly, M.	Lawrence, Susan	Thorne, G. R. (Wolverhampton, E.)
Cove, W. G.	Lee, F.	Thurtle, Ernest
Cowan, D. M. (Scottish Universities)	Lindley, F. W.	Tinker, John Joseph
Crawford, H. E.	Livingstone, A. M.	Trevelyan, Rt. Hon. C. P.
Dalton, Hugh	Lowth, T.	Varley, Frank B.
Day, Colonel Harry	Lunn, William	Viant, S. P.
Dennison, R.	Macdonald, Sir Murdoch (Inverness)	Wallhead, Richard C.
Edge, Sir William	Maclean, Neil (Glasgow, Govan)	Watson, W. M. (Dunfermline)
Edwards, C. (Monmouth, Bedwellty)	MacNeill-Weir, L.	Watts-Morgan, Lt.-Col. D. (Rhondda)
Edwards, J. Hugh (Accrington)	Maxton, James	Wedgwood, Rt. Hon. Josiah
England, Colonel A.	Morris, R. H.	Wellock, Wilfred
Evans, Capt. Ernest (Welsh Univer.)	Morrison, R. C. (Tottenham, N.)	Welsh, J. C.
Gardner, J. P.	Mosley, Oswald	Whiteley, W.
Garro-Jones, Captain G. M.	Murnin, H.	Williams, C. P. (Denbigh, Wrexham)
George, Rt. Hon. David Lloyd	Naylor, T. E.	Williams, David (Swansea, East)
Gillett, George M.	Oliver, George Harold	Williams, Dr. J. H. (Llanelli)
Gosling, Harry	Pallin, John Henry	Williams, T. (York, Don Valley)
Graham, D. M. (Lanark, Hamilton)	Palling, W.	Wilson, C. H. (Sheffield, Attercliffe)
Greenwood, A. (Nelson and Colne)	Parkinson, John Allen (Wigan)	Wilson, R. J. (Jarrow)
Grenfell, D. R. (Glamorgan)	Potts, John S.	Windsor, Walter
Grimths, T. (Monmouth, Pontypool)	Rees, Sir Beddoe	Wright, W.
Groves, T.	Richardson, R. (Houghton-le-Spring)	
Grundy, T. W.	Ritson, J.	
Hall, F. (York, W. R., Normanton)	Robinson, W. C. (Yorks, W. R., Elland)	
Hall, G. H. (Merthyr Tydvil)	Rose, Frank H.	

TELLERS FOR THE AYES.—
Sir Robert Hutchison and Mr. Percy Harris.

NOES.

- Alberty, Irving James
 Alexander, E. E. (Leyton)
 Allen, J. Sandeman (L'pool, W. Derby)
 Applin, Colonel R. V. K.
 Apsley, Lord
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astor, Maj. Hn. John J. (Kent, Dover)
 Atkinson, C.
 Balfour, George (Hampstead)
 Balmiel, Lord
 Beamish, Rear-Admiral T. P. H.
 Beckett, Sir Gervase (Leeds, N.)
 Bellairs, Commander Carlyon W.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bentinck, Lord Henry Cavendish-
 Berry, Sir George
 Bethel, A.
 Blundell, F. N.
 Bourne, Captain Robert Croft
 Briggs, J. Harold
 Brittain, Sir Harry
 Brookelbank, C. E. R.
 Brooke, Brigadier-General C. R. I.
 Broun-Lindsay, Major H.
 Brown, Col. D. C. (N'th'I'd., Hexham)
 Brown, Brig.-Gen. H. C. (Berks, Newb'y)
 Buchan, John
 Buckingham, Sir H.
 Bull, Rt. Hon. Sir William James
 Bullock, Captain M.
 Burman, J. B.
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Butt, Sir Alfred
 Cadogan, Major Hon. Edward
 Caine, Gordon Hall
 Campbell, E. T.
 Carver, Major W. H.
 Cassels, J. D.
 Cautley, Sir Henry S.
 Cayzer, Sir C. (Chester, City)
 Cayzer, Maj. Sir Herbert R. (P'tsmth. S.)
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hon. N. (Ladywood)
 Chapman, Sir S.
 Charteris, Brigadier-General J.
 Christie, J. A.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cohen, Major J. Brunel
 Colman, N. C. D.
 Conway, Sir W. Martin
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtauld, Major J. S.
 Courthope, Colonel Sir G. L.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Capt. Rt. Hon. C. G. (Antrim)
 Craig, Sir Ernest (Chester, Crewe)
 Croft, Brigadier-General Sir H.
 Crooke, J. Smadley (Deritend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Dalketh, Earl of
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Sir Thomas (Cloucester)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Drewe, C.
 Elliot, Major Walter E.
 Ellis, R. G.
 Elveden, Viscount
 Erskine, Lord (Somerset, Weston-s.-M.)
 Everard, W. Lindsay
 Fairfax, Captain J. G.
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fielden, E. B.
 Finburgh, S.
 Foster, Sir Harry S.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Goñ Sir Park
 Gower, Sir Robert
 Grace, John
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greene, W. P. Crawford
 Gretton, Colonel Rt. Hon. John
 Grotian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Guinness, Rt. Hon. Walter E.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hannon, Patrick Joseph Henry
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hohler, Sir Gerald Fitzroy
 Holbrook, Sir Arthur Richard
 Holt, Capt. H. P.
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, R. S. (Cumberl'nd, Whiteh'n,
 Hume, Sir G. H.
 Hurd, Percy A.
 Hurst, Gerald B.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Can't)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jones, G. W. H. (Stoke Newington)
 Joynson-Hicks, Rt. Hon. Sir William
 Kennedy, A. R. (Preston)
 Kidd, J. (Linlithgow)
 Kindersley, Major G. M.
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Locker-Lampson, G. (Wood Green)
 Looker, Herbert William
 Lowe, Sir Francis William
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, R. (Glasgow, Cathcart)
 McDonnell, Colonel Hon. Angus
 MacIntyre, Ian
 Macmillan, Captain H.
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Marriott, Sir J. A. R.
 Mason, Lieut.-Col. Glyn K.
 Meller, R. J.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streatham)
 Moles, Rt. Hon. Thomas
 Mond, Rt. Hon. Sir Alfred
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Morrison, H. (Wilt, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Nall, Colonel Sir Joseph
 Nelson, Sir Frank
 Nuttall, Ellis
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Peto, Sir Basil E. (Devon, Barnstaple)
 Pilditch, Sir Phillip
 Power, Sir John Cecil
 Price, Major C. W. M.
 Radford, E. A.
 Ramsden, E.
 Rawson, Sir Cooper
 Remnant, Sir James
 Rentoul, G. S.
 Rhys, Hon. C. A. U.
 Roberts, E. H. G. (Fllnt)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Samuel, A. M. (Surrey, Farnham)
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sanderson, Sir Frank
 Sandon, Lord
 Sassoon, Sir Phillip Albert Gustave D.
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Skelton, A. N.
 Slaney, Major P. Kenyon
 Smith, R. W. (Aber'd'n & Kinc'dine, C.)
 Smithers, Waldron
 Spender-Clay, Colonel H.
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fylde)
 Stanley, Hon. O. F. G. (Westm'eland)
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Sueter, Rear-Admiral Murray Fraser
 Sykes, Major-Gen. Sir Frederick H.
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Waterhouse, Captain Charles
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Wheeler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, E. (Ches't'r, Stalyb'ge & Hyde)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES—
 Captain Bowyer and Captain Mac-
 gesson.

NEW CLAUSE.—(*Wrapping paper (exemption when used as new material for yarn).*)

Where it is proved to the satisfaction of the Commissioners of Customs and Excise that any paper liable to duty under Section eleven of the Finance Act, 1926, as being packing or wrapping paper is imported after the date of the passing of this Act, solely for the purpose of being spun into yarn, the Commissioners shall, subject to such conditions (if any) as they think necessary for the safeguarding of the revenue, allow that paper to be imported free of duty or repay any duty paid on importation, as the case may be.—[*Sir L. Scott.*]

Brought up, and read the First time.

Sir LESLIE SCOTT: I beg to move, "That the Clause be read a Second time."

This is a very small Amendment to the Bill, but a very important one, in order to save a comparatively new industry in this country. If it be accepted, as I hope it may be, that industry will be saved, and a considerable amount of employment will be ensured. The industry consists in using a very particular kind of imported wrapping paper, called Kraft paper, that is within the Safeguarding Duties, which is turned into yarn, and with that yarn carpets, bags and other things are woven. Until the duty was imposed this little company, started with entirely new and very good machinery, was doing very well and increasing its output and the number of hands which it was employing. Everything looked as if we were starting a new industry in this country very successfully. When the duty was imposed under Section 11 of the Finance Act of last year, the result was that the yarn had to stand the duty, and the carpets, and so on, made from the yarn which paid the duty, had to face the competition of manufactured carpets introduced from abroad, which, under the same Act were allowed in free of duty if the material in the carpets other than paper was more than one-sixth.

The result was that their competitors were able to sell an article entirely free of any duty, while they had to pay the duty which, in fact, knocked them out of competition. They had another source of competition in carpets made from jute. They were able to compete successfully against the jute-made carpets as long as they did not have to pay any duty on the paper out of which they made their

yarn. As soon as the duty was imposed, it made such a difference in the cost of the manufactured carpet that they have not been able to compete successfully with the jute-made carpets. The result is that, whereas in the year preceding the duty they made a handsome little profit, in the year succeeding the duty they made a definite loss. If the duty on their raw material were removed, they would be able to employ at a very early date something like 400 hands, and if they cannot get the duty removed the company will be ruined, and have to go into liquidation. The case is one for safeguarding a British industry which depends on duty-free raw material, from the harm that—unintentionally—has resulted from the imposition of a duty which, on the whole, in this country has done much good and produced much employment of labour.

The PRESIDENT of the BOARD of TRADE (Sir Philip Cunliffe-Lister): This is a case which has been very carefully examined by both the Board of Trade and the Customs, and it does present one unique feature, namely, that of all the case in which it was thought difficulty might occur it is the only case where the material that is used is of a kind which cannot be manufactured in this country. It is a fact that in this peculiar case the company has to use a particular kind of kraft which is only made, I think, in perhaps one or two factories in Sweden. That is a fact which differentiates it from all the general cases which have hitherto been quoted. It is a case which, by the peculiar nature of the company, might be met without interference with the very important rules and arrangements of the Customs administration with regard to any drawbacks. That being so, the Treasury and the Board of Trade are only too anxious to consider a case which can be met without infringement of Regulations, and without prejudicing British industries. It is a unique case of the kind, and, in these circumstances, I shall be very glad to accept the Clause.

Mr. SNOWDEN: I want to say only one thing. The right hon. and learned Gentleman who moved this new Clause recommended it on the ground that it was a proposal for the safeguarding of an industry by removing the tariff. I

welcome this evidence of the progress of the education of Tariff Reformers in this House, and I hope they will realise that the only way to safeguard any industry is by the removal of the tariff.

Sir L. SCOTT: While thanking the right hon. Gentleman for the education he has given me, may I express the hope that he will follow the path the Government have adopted here.

Sir JOHN SIMON: The President of the Board of Trade describes this as a unique and peculiar instance. It is certainly a peculiar instance, because it is an instance in which even he has to admit that people who try to protect one form of industry can do a great deal more harm to other people than they seem to realise.

Mr. HALL CAINE: I do not think the right hon. Gentleman is quite fair to the concession given by the President of the Board of Trade in the deductions that he draws from it. The position in this matter is this. I have taken considerable interest in the safeguarding of wrapping paper, and the Committee will agree that I know a little bit about it. The position is quite clear. In this particular case there are only two factories in the whole world which make this peculiar form of paper. The wrapping paper makers in this country do not wish to be unreasonable or to ask for unreasonable protection. I do not think it has ever been the case that the safeguarder asked for unreasonable protection. We were very glad to co-operate with the right hon. and learned Gentleman who proposed this Clause, because wherever we do not make an article we are perfectly prepared not to ask for safeguarding.

Mr. HARRIS: It is often said that the imposition of a duty does not mean an increase of price. That has often been repeated, but here we are informed that the imposition of a tariff has increased the price paid by the consumer, namely, the user of the article.

Question put, and agreed to.

Clause added to the Bill.

NEW CLAUSE.—(Amendment of 10 and 11 Geo. V., c. 18, s. 3, sub-s. (2).)

Section three, Sub-section (2) of the Finance Act, 1920, shall have effect as if for the words "nineteen hundred and twenty," "nineteen hundred and twenty-seven" were

substituted, and as if for the words "three pounds twelve shillings and sixpence," "one pound ten shillings" were substituted.—
[Mr. Macquisten.]

Brought up, and read the First time.

Mr. MACQUISTEN: I beg to move, "That the Clause be read a Second time."

By this Clause I am proposing that the duty on whisky should be reduced from its present extravagant and uneconomical figure of £3 12s. 6d. to £1 10s. If I thought that that were going to affect the revenue, I would have some diffidence, in the present state of the country's finances, but it will not do so, because it will have the effect of enabling a bottle of whisky—a peculiarly Scotch product—instead of being sold at 12s. 6d. to be sold for the sum of 6s. I am satisfied that if it were sold for 6s., the consumption would be increased at least three times, and the Chancellor of the Exchequer would gain 90s. in place of his present 72s. 6d. No possible loss could accrue to the revenue. I wonder if he has got the courage to admit that? I am perfectly sure he knows it is the case. As to what I may call the well-to-do classes, the better-off classes—for I never speak of them as the better classes—I do not think it would make any difference to them. They would just drink as much or little as they are doing now, because when a man has a reasonable-sized income, he takes exactly as much of that commodity or any other excisable liquor as he feels inclined to have, and the price does not stand in his way.

The reduction would admit to the users of this commodity a vast number of the population who at present desire to have it, but who are precluded from having it for purely financial reasons—the people upon whom prohibition is being inflicted by a method of taxation which, I think, is both unjust and unfair and a particularly wrong form of class legislation. It is all the more necessary that this abatement should be made, because of the fact that in this Budget the Chancellor of the Exchequer has made very serious additions in the case of other beverages which have taken the place of this purely national Scottish beverage. The Chancellor of the Exchequer has put a large duty on the Spanish wine known as Spanish Red or Tarragona Port. That was an article which for some

[Mr. Macquisten.]

years paid only 10s. per gallon duty as proof alcohol against the duty on Scottish whisky of 72s. 6d. per gallon, with the result that the working man and the lower middle classes were driven from whisky by this excessive taxation to the consumption of Spanish Red or other commodities in order to obtain what they wanted. They are now consuming enormous quantities of this particular beverage, more especially in the industrial areas of this country. It is quite a good sound wine, but it has now been put out of the reach of the working classes by the duty imposed upon it by the Budget. It may find its repercussion on the whisky, but I very much doubt it. I do know what the effect will be on a very large section of the community who are as much entitled to have what they require in this respect as any other section of the community.

The Chancellor of the Exchequer has admitted that the consumption of whisky has dropped down to about one-third of what it was when the duty was less than one-seventh of the present figure. When the whisky duty was 10s. a gallon the consumption was three times as great as it was last year. When the duty was raised to 14s. the decrease in consumption was not very great, but when it was raised to 72s. 6d. people began to realise that they could not afford to buy whisky. On this question, I cannot understand why I do not get more support on these benches and from the Labour benches. This is peculiarly a working-class question, because the effect of this duty is that the working classes are pilloried and penalised. Of course, it does not make any difference to me, but, if I were to be subjected to the same treatment as the working man in regard to this question, I should be a very dissatisfied person. I am perfectly sure that if the well-to-do classes, or the members of the Carlton Club, the Constitutional Club, the Reform Club, or the National Liberal Club or even the wealthier members of the Labour party, were to experience the same difficulty in getting what they wanted to drink as the average working man, they would all become Bolshevik in their opinions in a very short time.

I do not understand why the members of the Labour party do not see that if they could bring whisky down to 8d. per

glass and beer to 3d. per pint they would at once become a very popular party in the country. If I had been Labour Chancellor and had desired to make certain of winning the last election I should have announced to the public that I proposed to reduce whisky to 6d. a glass and beer to 3d. per pint and put an extra shilling on the Income Tax and the Super-tax to make up the difference in the revenue. I should then have been in a position to tell the Super-tax people that they ought to be proud of the opportunity of standing the working man a drink, and I do not believe they would have seriously objected. If that had been done at the last election, we should have forgotten even the Zinovieff letter. Even the hon. Member for Dundee (Mr. Scrymgeour) has given eloquent testimony to the fact that it would not matter if you smashed trade unions so long as you did not interfere with the working man's drink. A working man once said to me: "Mr. Macquisten, could you not get a reduction of the duty on beer, spirits, and tobacco, because they are our principal comforts." I said that I would do my best, but I asked him to recollect that those articles were the comforts of all of us. You hear a good deal of talk about golf, shooting, and fishing, but, if it were not for the little refreshment at the nineteenth hole or at the end of the day, all enjoyments and sports would be very melancholy business. Election after election has taken place in Scotland since the passing of that wretched Local Option Act, and, although the vast mass of the people in Scotland are, from economic reasons, compelled to practise total abstinence, they have solidly voted against the total abstinence point of view.

I do not believe in the view which is often expressed in leading Conservative circles, and always in Liberal circles, that the working man should not be allowed to have anything to drink. It is like the state of things which has been described as existing in the United States, where employers sit down with their friends drinking Johnny Walker and John Dewar's whisky, bootlegged to them, and at the same time express the highest approval of prohibition as reflected in the increased output and better timekeeping of the men they employ. That makes me, as a friend of the work-

ing man and a democrat, exceedingly angry every time I hear it, because I believe in the working man having exactly the same opportunity on a question like this as I have myself. A working man once told me that a glass of whisky was the only thing that gave a working man a feeling of independence, and, when he used to go to his favourite place for a drink, he asked for "a glass of independence." That reminds me of the story told by a certain Scottish singer who said that he belonged to Glasgow, but, when he had had a couple of glasses of whisky, Glasgow belonged to him. The same view is expressed by one national poet in the lines:

"Kings may be bles't but Tam was glorious

O'er a' the ills o' life victorious."

Why should the working man be denied these opportunities, and why should we bully him in regard to these matters when we here can drink as long as the House sits? A working man is just the same as we are, and he possesses the same amount of self-control.

In the next place, you ask us to consider the effect of drinking upon the health of the people. Whisky was first invented by the clergy in the twelfth century, and the clergy generally find out most of the good things. At that time, whisky was very largely used as a medicine. We read of James V giving so many bushels of barley to the monks of Dryburgh to make the spirit medicine. Whisky now is still very largely used as a medicine, although some people take more of it than others. It is a poison, but a very slow poison, which kills the microbes of diseases. I remember in the year 1918 an influenza epidemic taking place in a mine in South Africa with which I was connected, and during that epidemic we lost over 100 of our coloured labourers, and none of the white staff. I said to the doctor: "You have a wonderful record in regard to the white workers; why could you not save the blacks?" and he said: "I had not enough whisky to save the black men. By the time I had poured it down the whites there was very little left for the negroes, although a few of them were saved who got some for acting as undertakers." In 1920, when the Local Veto

Bill was before Parliament, a constable in this House said to me: "A dreadful thing is going to happen in Scotland. We live 50 miles away from a doctor, and my mother always keeps a couple of bottles of whisky in the House. If any members of the family are taken ill, we get half a bottle of whisky, and they get better." We may not get it now.

Mr. JOHNSTON: Will the hon. Member explain to me why it is that insurance companies will insure a man's life at 10 per cent. less premium if he is a total abstainer?

Mr. MACQUISTEN: Yes, I will explain. I would like to give that statement a flat contradiction, because it is a mere emanation from the hon. Member's mind. Those who insure their lives may give an undertaking to be total abstainers, but it never gets any further than the undertaking. I am aware that some so-called temperance insurance companies make that statement, but the vast number of them agree with me that it is not the case at all. At the last Budget I was attacked by the temperance party, true though I had not dealt with their views, and I wish to say a little about them, but not much to-night. Not only is this duty doing a great wrong to Scotland, and to the Customs and to the consumers of this particular commodity, but the Chancellor of the Exchequer is killing a very great industry. He is doing an enormous harm to agriculture, because the present duty upon alcohol, upon whisky made of barley, is equivalent to between £300 and £350 of duty on every acre of barley grown. In regard to foreign barley there was a promise given of a duty thereon, but it has not been carried out. You could not do anything better than to secure that the duty was at such a figure that the barley growers would again have an opportunity of growing it.

There is not only an injury being done to the barley-growing industry, but also to the Scotch distillers. When the strength of whisky was reduced to 30 under proof, it was claimed to be a victory for temperance. It was really a trade ramp by the patent still makers. You were really paying for more water. Good whisky was made out of barley, and made what you call pot-still whisky of

[Mr. Macquisten.]

good sound substance. Then came in the patent still whisky which is made of maize and is not whisky at all. At 30 under proof there is not enough whisky in it to keep the malt, the stuff goes bad, and you have to mix more of the patent still in it, and it helps to preserve it. It has been said that whisky must be kept for three years, but there is no real difference between whisky three days old and whisky three years old, and that was another trade ramp by those who had large stocks. The distillers are like the brewers. We all know that brewery shares were drugs in the market, but as soon as the extravagant duty was put on the shares and profits went up. All the large distillers are members of the nobility were ennobled by the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George) at the time he was making speeches about the "lure of drink." I thought that all these gentlemen were justly entitled to be ennobled, because any man who makes a large quantity of good whisky deserves a title on account of the number of lives he saves by preventing people drinking the bad stuff, but he should not get his title from a Prime Minister who orates about the "Lure of Drink." During his Premiership, if one made a large quantity of whisky it was difficult to escape a title. Out in the East there is a very large trade for whisky, for sanitary reasons. It is a disinfectant, and everybody consumes it. There are no teetotallers there because they all die very quickly. Any hon. Gentleman who doubts that statement can go out there, but I am afraid he will never return. The teetotallers die first, and then the gentlemen who over-consume, and then the moderates survive.

Mr. KIRKWOOD: What do you call the moderates?

Mr. MACQUISTEN: Such as myself. I discovered at Shanghai you could buy a bottle of whisky for 5s. 6d. or 6s.

Mr. KIRKWOOD: Before the War?

Mr. MACQUISTEN: No, in January last. In the cheapest place the price was 5s. 6d. In Singapore it was 6s. That is why there is so little discontent among the white population. It was a very shocking thing when I came home and got

back to the old figure of 12s. 6d. I expect I will get from some hon. Gentlemen on the other side stories as to the gaols and lunatic asylums being all filled with drunkards. I was talking in the North to a leading alienist, and I put that up to him, and he said, "It is all nonsense. Feeble-minded people take to drink because they are feeble-minded. They are not feeble-minded because they have a drink. It is the mark of the feeble-minded person to be wanting in self-control." Of course they cannot stand up to it. A great many people escape the consequences of the feeble-minded by being total abstainers. One can realise a number of Members even in this House who have little self-control, and are yet known as total abstainers. What would happen to them if they ceased to be total abstainers? After all, there is a very small percentage of the population who over-indulge, and come to an untimely end. Would it not be better to give them all they want and get them in a happier sphere where they will not be subject to temptation? It may not be what they want, but it will probably be in the interests of the race. To allow them to over-indulge to the point of extinction might be a good thing, anyway it would only be a form of postponed birth control such as the Member for Shoreditch (Mr. Thurtle) supports, with this advantage that this doctrine if practical might lead to the destruction of some great man while here the victims have been weighed in the balance and found wanting.

When I was in the East I met a young man who had come from Ireland. He had been farming, and I made it my business to inquire—I am always anxious to get information, because there is a terrible amount of ignorance on this subject—about what is ultimately going to defeat this extravagant taxation. He told me that when he was in Ireland he used to take one pound of brown sugar, a cupful of treacle, half an ounce of yeast, mix them in water, blood-heat, and put them through a retort or kettle, and make half a pint of whisky; and it was very sound stuff. He said: "They are all doing it in Ireland. I do not think the Government mind, because the men who make it cannot afford to buy it so the Government are not really losing in revenue." I said, "What about the

police?" and he said, "I had not a still, and so they would need to have caught me in the act, but, as a matter of fact, the police never bothered me, because I made it rather well, and they used to come in and have some—the Irish policeman is a very intelligent fellow and thinks it a fearful piece of impertinence for any Government to say to a man who has got his own treacle, sugar and yeast that he shall not mix it." I have not tried it myself, but I am not at all sure that I will not try an experiment and treat the Chancellor to a little of it, and show him what is going to happen to his duty. And it is happening. It is happening in Canada, where they are making their own stuff. There are a great many Scottish people there, and they are making their own whisky. You may not know, but I know that there is a great deal being made in Scotland.

Every now and again you manage to catch them, but to nothing like the extent that it is going on, and it will increase, and the Chancellor will have to learn that he has got to make his duty so reasonable that it is not worth anybody's while to bother to make it. I know it is said there is a great destruction of food if this is allowed, but whoever says that has never thought it out. Is it not realised that if it were not the fact that these commodities were desired by the people the food would never be grown? No nation grows more corn than it thinks is enough to supply them for one year. The economic reason is that if you plant too much the whole crop becomes worthless, because the price sinks to an unremunerative value. But if you have an alternative means of using it, such as distilling or brewing material, which will enable it to be kept indefinitely, you have a kind of safety valve, and what is the effect of that? The effect is to guarantee the people of the country against famine.

In places where the population as a whole have the right to get what they want to drink, there is always a larger area, and 40 to 50 per cent. more land in cultivation, than would otherwise be the case, and so there is plenty of food. In a year of shortage, there is no brewing, and the result is that the nation can fall back on an area of cultivated ground 40 or 50 per cent. larger than would otherwise be the case. You can test that

in countries like India, where the people have a little opium but no alcohol. There you have had a famine or shortage every five years since Warren Hastings, with thousands or tens of thousands of people perishing. With famine you get pestilence, and if you go down through the ages to the time of the Black Death, you will see that that was broadly the result of famine, through total abstinence preventing adequate grading of grain. This acreage gives a huge reserve of food for the masses of the people. If you look at Russia, when the late Czar proclaimed total prohibition from vodka, the peasants had all their grain thrown back on their hands. That prepared the way for the revolution and for the destruction of the Russian people.

I appeal to the Chancellor of the Exchequer and to the Committee to realise that this class legislation is causing the greatest possible amount of discontent. It is not very largely vocal, because the working man has been so preached at and talked at that he does not like to protest when he is against a thing such as this. No man likes to stand up in a large crowd and protest in this matter, because people laugh and make gibes at him. We are a very hypocritical nation, and in nothing more so than in this particular matter. We must realise the equality of all classes in the community, and that the working men have the same rights as those who are better off. Now that the Chancellor of the Exchequer has closed up the tide of Spanish wines, he will not lose a single shilling of revenue if he accepts this Clause. He will certainly regain some of the popularity he has lost through the Betting Duty and one or two other things, and he will establish a debt of gratitude in the hearts of vast numbers of people for at least reducing an iniquitous, penal and prohibitive tax to a reasonable figure.

Mr. McNEILL: My hon. and learned Friend who has just spoken is of all people qualified to bring before the Committee the particular Clause which he has moved.

Mr. MACQUISTEN: May I mention this fact, that in Campbelltown there are 18 empty distilleries not working, and several thousands of people unemployed as a result of this duty.

Mr. McNEILL: I was going to observe that my hon. and learned Friend represents probably the best whisky-producing area, with one exception, in Great Britain and Northern Ireland, but he appeared just now to be rather representing the interests of the consumers instead of the producers. The aspect of his speech which troubled me most was that he entered upon so many entertaining and amusing topics, and interspersed them occasionally with some very shrewd observations upon physiology, psychology and various other sciences, that I was terribly afraid lest the Committee should think it necessary to follow my hon. and learned Friend into all those ramifications of the sciences. I was afraid that it was almost too much to hope that the Committee would regard his entertaining speech as something for which they might be grateful, and immediately pass on to other business. I did not know whether the Committee would take that view, but I had my eye on the clock, and thought of the small hours of the morning in which we should probably have to carry on our labours unless we could get a little further forward.

I can give a very short answer, indeed, to my hon. and learned Friend. I am not called on, as representing the Treasury, to go into the various questions as to the comparative virtues of whisky and other commodities. I look at the thing from the purely, sternly financial point of view. A little earlier this afternoon, I had to resist, and to ask the Committee to resist, a Clause moved to abolish the duty on sugar, because that would have cost the Exchequer about £19,000,000 in a full year. The Clause which my hon. and learned Friend now asks the Committee to accept would involve a loss to the Exchequer of something over £18,000,000.

Mr. MACQUISTEN: Not a bit!

Mr. McNEILL: I have no doubt that I shall incur the complete contempt of the hon. and learned Gentleman, but I must risk that, when I say that if I had to choose between losing £18,000,000 on sugar or on whisky I would a great deal rather do away with the Sugar Duty than with the Whisky Duty. It would have been very gratifying if it had been possibly able to accept the proposal to do away with the Sugar Duty. My hon.

and learned Friend says that we shall lose no revenue. The only way by which you can avoid losing revenue if you reduce taxation on a commodity is by an increase of consumption. In order to neutralise the financial loss which this Clause would bring upon us, we should have to have an increase of 130 per cent. in consumption. I look on my hon. and learned Friend as a humourist but, nevertheless, he is a very shrewd man of the world, and I would really ask him, if he can be serious for two minutes, to consider—I am not asking him to say it, because I do not want to invite him to speak again—whether seriously anybody can stand up in the House of Commons and say that he can look with equanimity on an increase of 130 per cent. in the consumption of whisky next year? The proposition only requires to be stated in that way to convince the Committee that the proposal of my hon. and learned Friend should be rejected, and I most respectfully repeat the hope that the Committee may silently pass a vote of thanks to my hon. and learned Friend for his entertainment, and let us get on to something else.

Question, "That the Clause be read a Second time," put, and negatived.

The DEPUTY-CHAIRMAN: Major Hills.

Sir H. CAUTLEY: Do I understand that you have passed over my Clause—[Amendment of Section 15 (1) (a) of Finance Act, 1926]?

The DEPUTY-CHAIRMAN: The effect of the new Clause would be to alter the rate of the duty from $3\frac{1}{2}$ per cent. to $2\frac{1}{2}$ per cent. At the present time the tax on what is called course betting is at the rate of 2 per cent., and to raise that tax to $2\frac{1}{2}$ per cent. would increase the charge to that extent on certain individuals and is consequently out of order.

Sir H. CAUTLEY: Credit betting is about 80 per cent. of the whole betting, and the tax on that is $3\frac{1}{2}$ per cent. My proposal is to reduce this to $2\frac{1}{2}$ per cent. I do propose to increase the 2 per cent. on course betting to $2\frac{1}{2}$ per cent., but on the whole there would really be a considerable reduction.

The DEPUTY-CHAIRMAN: While it takes the duty off in some cases it imposes it in others.

Sir H. CAUTLEY: On the same sort of articles.

The DEPUTY-CHAIRMAN: On the same articles, but on different individuals.

NEW CLAUSE.—(*Allowance for cost of education.*)

(1) Where any individual shows that the cost to him of the education of any child in respect of whom a deduction is allowed under Section twenty-one of the Finance Act, 1920, exceeds the amounts as stated in that Section, he shall be entitled, in addition to any reduction of the assessment for the purposes of collection, on making a claim for the purpose, to repayment of the amount of the tax on the excess.

(2) The sum on which repayment of the amount of tax can be claimed under this Section shall not, in the case of any individual child, exceed the difference between the sum allowed by deduction under Section twenty-one of the Finance Act, 1920, in respect of that child and the actual cost of education of the said child incurred during the year in which the assessment for Income Tax has been made.

(3) All the provisions of the Income Tax Acts which relate to claims for any allowance or deduction or the proof to be given with respect to those claims shall apply to claims for repayment under this Section and the proof to be given with respect to those claims.—[*Major Hills.*]

Brought up, and read the First time.

Major HILLS: I beg to move, "That the Clause be read a Second time."

The object is to increase the allowance for the education of children over the amount given by the Finance Act, 1920. By that Act, a parent was entitled to deduct £36 in the case of the oldest child, and £27 for every subsequent child. By my Clause I increase that amount, and allow the parents to deduct the whole cost of the education, or rather, the excess of the cost over the £36 and the £27, respectively. This affects all classes of Income Tax payers. I know that the Income Tax payer is not always a very popular character in this House, but I would point out to the Committee that the census returns show that the birth rate of the skilled class is much lower than that of the unskilled class. As far as we can tell, from the census of 1921, the difference is being accentuated. The first point I want to bring to the notice of the Committee is that the birth rate of the more skilled class is falling. Unless a married couple have three children, the whole of the stock will

perish, for three children is the smallest family than can keep the stock going. When a married couple, with an income of from £400 to £600 a year, have a dependent child, the cost of that child is at least 10 per cent. of the income. I think it is a good deal more, and that for an income of £600 the child costs more than £60. Put it at £60, or 10 per cent., and the present abatements on the lower incomes are round about 1 per cent. in value—I mean that the value of the abatements at a given time in respect of children works out at somewhere about 1 per cent. of the taxpayer's income for the lower income. Of course, when you come to the higher income, the abatement being a fixed sum the percentage is much smaller. I think the cost of education should be deducted from the assessable income. I want to

8.0 p.m. see the birth-rate increased.

Although the concession would not be a very big one, still it would be something, but I look more to its psychological effect; I look more to the effect which it would produce in the minds of the people who have children, the cost of educating whom will be made not so serious a charge upon their incomes. I do not want to stint the education of the children, and I would particularly point to the effect that the Amendment would have upon the cost of university education, of that valuable part of education which is given in the last years. Unless you take off from the assessable income the amount spent on the last part of education, the cost of university education, there is a great risk that the children will not be sent to the university, and a large part of what has been spent on their primary and secondary education would be wasted. I want to see all boys and girls who are suitable for it being enabled to go right to the end of their educational course; I do not want it to be stopped at the age of 14 or 16. Surely it would pay, and pay many times over, to submit to the small loss of revenue which this concession would involve if we could at the same time encourage the fertility of certain classes of the community who are not now contributing their fair quota of the population and encourage parents to continue the education of their children up to the university stage.

I hope my right hon. Friend the Financial Secretary to the Treasury may have

[Major Hills.]

some words of comfort for me. There is a very strong case for this concession. When the original concession was made in 1920, the Income Tax was six shillings in the £ and therefore the loss to the Revenue in taking off the amount which I now propose would be less than it was then. I do hope that my right hon. Friend will have some words of comfort for me and that he will make the concession which I propose.

Mr. McNEILL: My hon. and gallant Friend twice repeated that he hoped I would have some words of comfort for him, but I am sorry to have to tell him that I have none. I must point out that this new Clause has a fantastic aspect which he does not seem to suspect. The indisputable thing about it is that the advantage that it gives is in inverse proportion to the merits of the particular claimants. In addition to that, the wealthier the person is the more advantage he will get.

Major HILLS: But not in the percentage.

Mr. McNEILL: As far as I can gather, it would practically be of no advantage at all to the poorer classes who, in any case, cannot afford to send their children to the more expensive schools. My hon. and gallant Friend puts no limit, no maximum at all. After allowing for the existing deduction from the Income Tax, which is a very moderate sum, then the whole of the rest of the money to be spent on the education of the child is to be treated also as a deduction. That is to say, a man who sends his child to an expensive school, which might cost him £300 a year, claims his deduction, and, under my hon. and gallant Friend's Clause, he would get the advantage of sending that boy to Eton partly at the expense of the State. That appears to me to be a fantastic proposal. If he had suggested a limit or a maximum, there might have been something to be said for it; but, as it has been proposed, there is nothing to be said for it. It would actually mean, in many cases, that under the Clause the State would be contributing to the cost of the education of the wealthy. My hon. and gallant Friend says that the cost to the revenue would be trifling. How does he know that? We have not been able at the

Treasury to form any estimate of what the cost would be, but it appears to me that, if the Clause were passed in the form in which it has been moved, the cost to the Treasury might be very considerable, and it would be given to those who least require help.

Mr. HAYDAY: I quite agree with the right hon. Gentleman who has just spoken. I feel that the hon. and gallant Gentleman who moved this new Clause has started from the wrong basis entirely. He spoke about the necessity of encouraging people who are not contributing their fair quota to the country, and he said that his proposal would be an inducement to them because it would free them from some financial liability. I would suggest to him that it would be much better if there was a greater amount allowed for the children at present existing. Let him start on that. It often happens that in the case of a brilliant child, who is one of a large family, where the income may bring the parent within the taxable limit, the margin is often so small and the sacrifice that is called for is so great, that the tendency is to yield to the temptation to put the boy or girl into industry at the earliest possible time. If the allowances for the children were sufficiently generous, with a little more sacrifice the parent would be anxious and ready to cultivate the educational tendencies of the child rather than to use him or her to augment a limited income.

There was a time when the spaces on the Income Tax papers were not sufficiently numerous for me to put in my claim. In a case of that sort, you would have been helping me, and people like me, with an income that brought them, apart from the number of children, within the taxable limit. If you had given us greater freedom by an increased allowance before Income Tax was demanded, there would have been a greater chance for those children as they grew up. If there is only one child in the family up to, say, 16 years of age, and the income was £300 to £400 a year, that child might be sent to an expensive school. It may be that a well-to-do middle-class parent with a small family responsibility may be able to give to one of his children an expensive education, and, under this proposal, he would get more in rebate than I would get with six children. It is too

one-sided. If there is to be any variation in allowances to encourage the building up of our population, and to free the parent from anxiety when the child shows educational tendencies, you must give a larger allowance where the handicap on the parent is great, and not give so freely where the handicap is less.

Lieut. - Commander KENWORTHY: I think quite one-half of the speech of the hon. Member for West Nottingham (Mr. Hayday) was actually in favour of the proposed new Clause. I do not think that it was quite fair for the right hon. Gentleman—he is always very fair, but on this occasion I think he rather departed from his usual fairness—to bring in the case of parents sending their children to Eton. How many parents send their children to Eton? It is not a question of the limited few who send their children to the great public schools.

Mr. McNEILL: The hon. and gallant Gentleman ought to know that I mentioned Eton as a typical case. It does not refer in the least to particular individuals who go to that school. If he likes to substitute for Eton the words “an expensive establishment” he is welcome to do so.

Lieut. - Commander KENWORTHY: Let us say an expensive school. What of it? The idea of this Clause is to try to make up for the loss of child life in the country owing to the burdens that successive Governments have placed on the taxpayers. We sometimes hear from the advocates of birth control, that if only you raise the standard of life of the people it will not be necessary for those measures to be taken.

It being a Quarter-past Eight of the Clock, and there being private business set down by the direction of the Chairman of Ways and Means, under Standing Order No. 8, further proceeding was postponed without Question put.

PRIVATE BUSINESS.

WALLASEY CORPORATION BILL [Lords].

Order for Second Reading read.

The following Motion stood on the Order Paper in the name of Mr. H. WILLIAMS:

“That it be an Instruction to the Committee on the Bill to incorporate in Clause 55 of the Bill the following proviso:

(2) Provided that if the corporation themselves provide or arrange for the provision or carrying on of stage plays or cinematograph performances under the provisions of this Section they shall (unless otherwise authorised by Act of Parliament) either—

(a) Let the public hall, pavilion, assembly room, or other building in consideration of the payment to them of a sum or sums of money; or

(b) Enter into an arrangement under which a share in the gross or net receipts in respect of the production of such stage plays or cinematograph performances shall be credited to them.

And the corporation shall not, under the provisions of this Section, undertake any liability for any loss that may be occasioned in the production of any such stage plays or cinematograph performances.”

Mr. SPEAKER: Before I put the Question, “That the Bill be read a Second time,” I ought to inform the House that the Instruction is out of order. Hon. Members will find, if they refer to Erskine May's Parliamentary Practice, page 712, that in 1909 my predecessor ruled an Instruction out of order, just like this one, on the ground that it dictated to a Committee the express terms of a Clause to be inserted in the Bill before the Committee had had an opportunity of considering the Bill. There are other Rulings on the subject, but I need only quote that one.

Motion made, and Question proposed, “That the Bill be now read a Second time.”

Mr. H. WILLIAMS: The decision you, Sir, have just announced, of which those concerned had a previous intimation, puts up naturally rather in a difficulty, because we have no objection to the Bill as a whole, but only to one Clause. It was to deal with that Clause only that the Instruction was put down. With profound respect, we feel it to be a little grievance that we did not have an earlier intimation, so that we might have put down an Instruction in a form which would have been in order, similar to Instructions moved on other Bills dealing with the point. As we do not desire to hamper the general progress of the Bill, and as I understand it is not in order to give manuscript notice of an alternative form of Instruction, we are not going to oppose the Second Reading.

[Mr. H. Williams.]

I am only going to express the hope that the Committee upstairs may take full account of the special circumstances affecting the class to which the Instruction related.

Question put, and agreed to.

Bill read a Second time.

FINANCE BILL.

Further considered in Committee.

[Mr. JAMES HOPE in the Chair].

NEW CLAUSE.—(*Allowance for cost of education.*)

Postponed Proceeding resumed on Question, "That the Clause be read a Second time."

Question again proposed.

Lieut. - Commander KENWORTHY:

The right hon. Gentleman rather misled the Committee I thought. Anyone listening without very great attention would suppose that the Clause refunded to this wealthy person the whole amount he spent on the education of his child. I was temporarily misled and had to look at it again. All it does is to allow back the Income Tax on the amount spent on the child's education, whether at an expensive school, a grammar school, a secondary school or a cheaper school. That is not a very great amount and it only affects comparatively a small number of people. But do you want to encourage parents to continue the education of their children? My hon. Friend was in favour of the Clause. He wants to encourage parents to keep their children at school and to sacrifice so much for the education of the child right up to the university rather than yield to the temptation of having the child going out and earning money. Do we want to encourage that or not? I hope my hon. Friends on these benches will not allow anything in the nature of setting rich against poor to play upon them. We are told by the people who advocate birth control that if we had enough good things in this world and there was no poverty, it would not be necessary to teach poor people birth control. Here you have this class of the community that is earning from £500 to £800 a year. It is ground down by the cost of living and taxation. It is not

having families. The usual thing is one, two or three children and very few more. Do you want to encourage these people to bring children into the world? They can bring them up in healthy surroundings and they ought to be able to give them a good education. Taking the broadest view, is that to the advantage of the State? Is it right to encourage those people? Is it worth doing for the comparatively trivial amount the Chancellor of the Exchequer will surrender? I suppose the amount would work out at the cost of one week of the Shanghai Defence Corps. How many young men in Shanghai, potential fathers of the future, are going to be ruined—however, I will not stress that point. The right hon. Gentleman was unsympathetic. This is a very big subject my hon. and gallant Friend has tackled, and I hope he will pursue it. I hope he will use his great and deserved influence in his party to create interest in the matter. I do not suppose my hon. and gallant Friend will press the matter to a Division. This is missionary work that he and I are doing, and I hope our missionary work will make converts of many in the future, and even of the right hon. Gentleman.

Mr. T. WILLIAMS: The Mover of the Clause is not going to press it to a Division so there is no point in continuing the discussion, but unless he and my hon. and gallant Friend can indicate where some of the hundreds of thousands of working class children are likely to obtain some educational advantages as the result of the passing of a Clause of this kind, I fear they are not likely to get the universal support of Members on these benches.

Major HILLS: The effect of my Clause will be this. The cost of education, over the £36 at present allowed for the first child, will come off the Income Tax on income at a comparatively low level upwards. It does not only apply to the rich people. It gives a larger proportion of relief to the lower incomes.

Mr. WILLIAMS: Of the 15,000,000 to 18,000,000 workers there are at least 90 per cent. whose wages do not touch the Income Tax level at all, assuming those persons have only one or two children. For instance, the amount allowed for a married man and his wife,

£225. exceeds the wages of 80 to 90 per cent. of 10,000,000 or 15,000,000 people, and consequently the Clause will have no value to that class, which is a large section, and what I rather fear would be the result is not that one desires to set a class against a class, but that such Motions as this tend to solidify a particular small class as against a bigger class. After all, if we are to take the national point of view, I quite agree educational advantages ought to be provided whenever they can, but in a universal way and certainly not in a small circumscribed way on lines similar to this. I have in mind the annual Debate that takes place on the Army and Navy Bill, where we find that the students who are sent to Dartmouth College, at a probable cost to their parents of some £300 per annum, are exclusively drawn from the very wealthy section of the community. No working man's child, no matter how bright a specimen he may be, no matter what his educational attainments may be, purely because of economic circumstances in his home, has a ghost of a chance of obtaining one of the seats at any of the colleges that provide officers for the Army and Navy. Therefore, unless any concession that is going to cost I do not care whether it is hundreds of thousands or millions is going to dribble through to the lowest layer of the community, one would hesitate before giving approval to a Motion of this kind, because the division between the poor section, the middle-class and the wealthiest class of all is already far too great. I want to suggest that though the hon. and gallant Gentleman may honestly desire to provide additional facilities for certain classes of children we ought to do something on broader and more national lines. We ought to try and extend greater educational facilities to the poorest of the poor who have few facilities for real educational development instead of attempting to extend the advantages enjoyed by a comparatively small class of the community.

Question, "That the Clause be read a Second time," put, and negatived.

NEW CLAUSE.—(*Deduction for costs of maternity.*)

(1) Where any individual shows that he has during the year in respect of which an assessment of Income Tax has been made upon him incurred expenditure due to the

confinement of his wife, including the fees of physicians and nurses and other costs immediately attributable to the confinement he shall, on making a claim, for the purpose be entitled to repayment of the amount of the tax on the expenditure so incurred.

(2) All the provisions of the Income Tax Acts which relate to claims for any allowance or deduction or the proof to be given with respect to those claims shall apply to claims for repayment under this Section, and the proof to be given with respect to those claims.—[*Major Hills.*]

Major HILLS: I beg to move, "That the Clause be read a Second time."

Though I did not get the support of the hon. Member for Don Valley (Mr. T. Williams) and the hon. Member for West Nottingham (Mr. Hayday) on the last new Clause, I am quite certain that I shall get it on this one, for this new Clause allows the father to deduct from his Income Tax return the cost of his wife's confinement, and that deduction is to be allowed whatever may be the number of children. It becomes an increasing benefit, not according to the wealth or position of the parent, but according to the number of the family. This is meant for the encouragement of children. The hon. Member for Don Valley complained that nothing was proposed to be done on the last occasion in respect of those whose incomes were below the Income Tax limit. I submit to him that the class at the bottom of the Income Tax ladder is a very valuable class. It represents people on their way up in the world, and it is very important that they should be encouraged and produce children. The more children they produce, the bigger the family, and therefore there would be less chance of that family becoming extinct. I said a short time ago that unless there were three children to each married pair the stock would die out.

I do not know whether I can expect or hope for any more favourable treatment from my right hon. Friend, but I would put this to the Committee. The cost of confinement is a very heavy cost, and a bigger proportionate cost to parents with small incomes. Though the parents with a small income may not have an expensive doctor and nurse, the proportionate cost is much greater. Therefore, this Clause does fulfil all the requirements that the hon. Member for

[Major Hills.]

Don Valley thought should be attached to a reform of this sort. It is one that encourages the production of large families, and it is one which benefits, especially, the poorer families. In the hope that this smaller concession may meet with a more favourable reception, I beg to move the Clause.

Mr. McNEILL: I am afraid I must say "No" to this new Clause, as I did to the last one. I cannot see any reason why my hon. and gallant Friend desires to move this particular Clause, which appears to be a sort of converse to birth control, for his purpose here is to encourage an increase of population. Apart from anything else, that is not the function of taxation. However desirable it may be to increase the population, I submit that it is not the function of the Treasury, not the function of taxation, to promote movements of that sort.

Lieut. - Commander KENWORTHY: Why do we have children's allowances at all? Why are the present children's allowances permitted by the State?

Mr. McNEILL: They are not allowed for the purpose of encouraging large families at all. They are to enable the parent of the family to discharge his duty to his Government, which is quite a different thing. This Clause is open to exactly the same objection as the last one. That is to say, the less the claimant requires the more he gets. It is an encouragement to people to be very reckless in regard to the class of medical attendance and nursing and nursing homes they select. They go to a very fashionable ladies' doctor and a very fashionable neighbourhood and take very expensive rooms in a nursing home in the neighbourhood of Cavendish Square—and all this expense my hon. and gallant Friend wants, to a certain extent, to be borne by the State. That is to say, the expenses so incurred are to be a deduction from the tax which otherwise they would have to pay. I see no reason for that whatever. Why, if a man is to be assisted in this particular way with regard to taxation on account of the confinement of his wife, apart altogether from my hon. and gallant Friend's objects, should he not get similar assistance in other ill-

nesses much more dangerous and probably more onerous from the financial point of view?

Look at the sort of demands that immediately would be made on the Treasury. I have no doubt there are heaps of hon. Members here who could bring very hard cases. They could bring forward cases within their own knowledge perhaps of men in very straitened circumstances whose wives required a very dangerous operation which could only be performed, perhaps, by some very skilful and expensive surgeon. Why should a man be denied that particular assistance, if his neighbour, when in the ordinary course of nature his wife goes through a confinement—a very much less dangerous situation than that of many requiring surgical treatment—could get assistance in the way proposed by my hon. and gallant Friend? I think on that ground alone we ought to resist this proposal. I am fortified again by the views of the Royal Commission very often quoted in this House. Hon. Members will no doubt remember the passage to which I refer. I will read it to the Committee, because it lays down a very important principle.

"We have been asked to recommend allowances for expenses arising out of illness or disability, such as the travelling expenses of attendants of disabled persons; or to give compassionate rebate to persons who are compelled to maintain and pay personal attendants; or special relief to disabled persons in view of their decreased earning capacity. These claims, while differing in degree, all arise out of the personal or domestic circumstances of the taxpayer, and although we are conscious that in particular cases the operation of the general rule may result in individual hardship, we feel that we cannot advise any general relaxation of the principles on which the tax is levied."

That is a very sound principle which I think the House of Commons ought to maintain, otherwise we shall be met with all kinds of demands for those hard cases which, when they are recited in this House, arouse every one's sympathies. Unless the House of Commons lays down some very definite financial rule upon which we must impose taxation, instead of allowing themselves to be swayed by sentiment or appeals, however sincere and eloquent they may be, we shall only get into great difficulties. I hope the Committee will support the Government in refusing this request.

Lieut. - Commander KENWORTHY: The Financial Secretary has not met the point at all. This is not a question of compassion. We are not citing hard cases. We are citing the case of men with meagre incomes, young people who before they become engaged discuss the question as to whether they shall have a family or not. They certainly discuss the question after they are married. They sum up the cost. It is the cost which prevents them. The ordinary minded man and woman on getting married wants to have children, but the cost is a deterrent. They decide that it is too expensive, that is the only reason for their not having children. Is that a good thing for the State? Do we want to encourage these people to have children, or do we not? I thought the Conservative party was the great Imperialistic party and that they wanted a great young vigorous stock to spring up.

Mr. McNEILL: Hear, hear!

Lieut. - Commander KENWORTHY: The Financial Secretary agrees. The intention of this Clause, it may need improvement, is to encourage young people who marry to have children. It is not proposing to give a compassionate allowance to the sick and imbecile, but to encourage young healthy people to bring families into the world for the good of the State.

Mr. McNEILL: If the hon. and gallant Member thinks that that is what I said, or whether he is merely using his genius as a dialectician, I do not know, but I said nothing of the sort. I pointed out that these hard cases would have a much greater claim than the young couple.

Lieut. - Commander KENWORTHY: The hon. Gentleman read from the Report of the Royal Commission, and he said that he would prefer to grant a rebate to the old people with one foot in the grave than to pay for this attendance. He would not give any encouragement at all. We should take an Imperial view of this matter; that the State should do something to help young couples who are getting married to have children. Perhaps we shall make a little progress before next Friday.

Question, "That the Clause be read a Second time," put, and negatived.

NEW CLAUSE.—(Amendment of 10 and 11 Geo. V, c. 18, s. 21.)

Section twenty-one of the Finance Act, 1920 (which provides for a deduction from assessable income in respect of children), shall have effect as if for the words "thirty-six pounds" and "twenty-seven pounds," there were substituted, respectively, the words "seventy-two pounds" and "fifty-four pounds.—[Major Hills.]

Brought up, and read the First time.

Major HILLS: I beg to move, "That the Clause be read a Second time."

I now come to the most modest of my proposals. I have had a very unfortunate career so far, but I hope I shall have better fortune for this very modest proposal. It only seeks to double the allowance that was granted under the Act of 1920. When that Act was passed, Income Tax was at 6s. in the pound, and therefore, to take off £36 when the Income Tax is at 6s. in the pound is worth a great deal more than taking it off when it stands at 4s. in the pound. Some increase is due. I do not say that I expect to get the whole of the £72 or the £54, for the first child and subsequent children, but I do say that some increase is due, for the rebate has lost one-third of its original value. I do not think the condition of the world has improved by one-third, and the need of the rebate is greater now than it was in 1920, yet it is worth one-third less. It is a very small amount. I have some figures here. If you take an income of £370 a year, the annual saving in income for the first child is £3 12s.; the saving in income is about one per cent. of the income—and it stays at about that figure up to incomes of £700 a year. Those are all the abatements for children inclusive.

The cost of a child's education is usually reckoned at 10 per cent. of the parents' income, so the existing rebate comes only to one-tenth of the cost of the child's education. Suppose this was doubled, as I suggest, it would only be 2 per cent., and that is one-fifth of the cost of the education of the child. The Financial Secretary has said that it is not the business of taxation to encourage children. I am not quite so sure about that. There are all sorts of ways in which the State encourages children. There is the rebate for children in the 1920 Act, which was a direct encouragement. Children are not brought into the world because their keep and education

[Major Hills.]
is too expensive. It is the more provident parents who restrict the birth-rate, and it is the improvident person who does not. The provident parents say, "We cannot support more than one child, and therefore we will be content with one." Here I give the benefit by a lump sum of rebate and I cannot be charged, as I was on the last two Clauses, that I am giving the greatest benefit to the richer person—I do not admit it for a moment. Although the actual cost of the confinement may be a good deal more in the case of a rich man whose wife is confined, than it is in the case of a poor man's wife, yet the cost in the case of the poor man is more in proportion to his income than it is in the case of the richer man, and, therefore, the burden on the poor man is far greater than it is on the richer man. In this case, I cannot be open to that charge, because I simply ask that you should increase the sum which the parent is allowed to deduct in respect of his dependent child, and I suggest that the amount should be increased from £36 to £72 in the case of the first child and from £27 to £54 in the case of the subsequent children.

Mr. McNEILL: For the third time running my hon. and gallant Friend has put me to the great pain of having to refuse him something. As he persists in regarding it as part of the function of taxation to encourage larger families, I must repeat my opinion that that is no concern of the fiscal system of this country. It may be a very important matter for consideration in other connections, but certainly the fiscal system is the very last subject on which birth control or the absence of birth control properly arises. I must say I think my hon. Friends who support these proposals are utterly mistaken in the view which they take and which has prompted this series of proposed new Clauses.

Their idea is that these rebates in taxation are to be justified on the ground that there appears to be a falling-off in the rate of increase of the population. All writers on vital statistics emphatically contradict the view underlying the assumption of my hon. Friends that the falling-off is in that part of the population which most requires financial help in the form of these comparatively small sums. As a matter of fact the decrease

in the size of families, whether one welcomes it or deplors it, is found among the wealthy classes. It is not found to any very, very marked extent among the particular class which my hon. and gallant Friend desires to help and which, in a proper way, we all desire legitimately to help. His view in that respect seems to be a mistaken one and at all events, I must repeat that we could not give that help in the particular way which he suggests, namely, by way of deduction for Income Tax purposes. My hon. and gallant Friend came forward with this proposal in the guise of Oliver Twist asking for a little more; but later on he was more like the Fat Boy because he made the flesh of the Treasury creep when he said there was no considerable cost attaching to it. As a matter of fact, the proposed new Clause would cost £4,500,000, a very substantial sum which, in present circumstances, supplies a strong argument against the proposal. If my hon. and gallant Friend persists I must ask the Committee to reject the proposed new Clause on the ground that the cost to the Exchequer is too great and that the principle which he seeks to introduce into our system of taxation seems to be entirely mischievous.

Mr. HAYDAY: I hope the hon. and gallant Gentleman the Member for Ripon (Major Hills) will press this matter to a Division. The right hon. Gentleman who has just spoken seemed to imply that the proposed new Clause was moved with a wrong desire but this is not a question of birth control or of larger families. It is a question of the principle which was originally introduced when these allowances were first made. The allowances embrace a wide range of persons in the country and have no relation specially to the well-to-do or to the middle-class or to the better paid class of artisans. They would all be brought within the ambit of a decision based on the lines of the proposed new Clause. We have learned that the value of the concession is now one-third less than it was at the time when the allowance was fixed at the present figure. Perhaps the Financial Secretary does not fully realise that there are classes of artisans who come within the taxable income limit and who make their payments quarterly or half-yearly. It would be to their advantage if these allowances were somewhat increased. Quite apart from the question of an in-

creased population, there is the fact that from 1914 onwards the State encouraged and gave facilities for marriage among those who had been called to the colours. The hardships which ensued to those people when they settled down again and were brought within the Income Tax limit, led to the original allowances being made but we are now 13 years away from the commencement of the War.

It does not follow that things have improved so much that parents have been relieved to any extent of their responsibilities for the maintenance and education of their children. There is a new outlook and if you could eliminate anxiety and worry to some extent from the family circle you would have from the present stock a more virile population and a greater desire for education. I am heartily in support of this proposed new Clause for the same reason that I was in opposition to the first of the new Clauses proposed by the hon. and gallant Member. His first proposal dealt with the more wealthy class—the upper middle class or well-to-do class. This proposal aims at the relief of the better-paid artisan, the poorer middle class and that large element, the small shop-keeping and commercial class, on which the country so largely depends. They have passed through a greater period of anxiety than many others during the years which have followed the making of the original allowance and I earnestly hope that the representative of the Treasury will yet accede to the proposal. Even if it costs £4,500,000 it will have the result, I believe, in the next five years of making the children of the nation grow into more useful citizens because of the increased facilities that will be available for their advancement. I know that the Floor of the House of Commons is the last place in which to barter on matters of finance, but if £4,500,000 be too much to sacrifice, surely the Treasury should make up the deficiency between the value of the original allowance and the value of the present allowance.

Sir JOHN POWER: I feel in a little difficulty about this new Clause. I am in favour of it, but I have been somewhat shaken by the suggestion that it would cost the Exchequer £4,500,000. The right hon. Gentleman said at the end of his speech that this Clause introduces a new principle. Surely that is not so. Surely

the State has recognised for a good many years that children are a certain burden and has made reductions in Income Tax on their account.

Mr. McNEILL: I did not intend to say that this Clause introduced a new principle. I was referring rather to the other two which we had already passed.

Sir J. POWER: I hope we may have some compromise on this matter, because, as has been pointed out, the taxation is a serious matter to young people who are starting married life. Children come along and they have to be educated, and it is a big struggle for their parents to give them that education which they would like them to have. The State benefits directly from the better education of the children, and therefore it cannot be said that any concession the Treasury may make in this respect will be an entire waste. It will help a great many people who at present find life very hard. Taxation is very heavy, rates are very heavy, and it is a struggle for parents to give children something like the same education which they have received themselves. That is the case amongst the clerical and the professional classes. The cost of education has gone up in a most extraordinary way, and many parents belonging to the very best type of citizens we possess are faced with the necessity of sending their children to a school where they cannot receive the same good education which they themselves received. Consequently the children of the lesser-paid professional classes are in danger of losing the status which their parents have acquired, probably after a great deal of trouble and hard work. Therefore, if any compromise could be made and a concession given to this particular class it would certainly redound to the credit of the Government, and would be received with great thankfulness by a very large and deserving section of the population.

Lieut. - Commander KENWORTHY: My hon. and gallant Friend and myself are going to carry this Clause to a Division, and I am sure I can appeal to the Labour party to support us, because similar Clauses have been moved by them in previous years, and there is one on the Paper now. After all, the £72 allowance is only for the first child and the £54 for the second. The right hon.

[Lieut.-Commander Kenworthy.]

Gentleman has said that it is not the business of the State to encourage family-building, but I believe that the whole basis of society is founded on the family as a unit, and if it is the business of the State to encourage a healthy society, the State ought to foster and encourage family life. Family allowances are given for officers in the Army, Navy and Air Force. Even the Admiralty, of all people, who had always discouraged marriage amongst naval officers, three years ago conceded the principle of granting marriage allowances to naval officers. They took them away afterwards, when the axe fell, but the principle was conceded. Therefore, the State does recognise the family, and has encouraged it in that way. The hon. Member for the Don Valley (Mr. T. Williams) quoted the case of Dartmouth. Several times I have raised in the House the fees charged for naval cadets. Is the hon. Member aware that the majority of naval officers, those without means or without large means, are unable to send their sons to Dartmouth to follow in their fathers' footsteps? That is the case with the naval officer, who cannot be regarded as a wealthy man or as a capitalist, but as a public servant; he cannot afford to send his own children to be educated as he was educated. That is the position of the lower middle class, and, as my hon. Friend said, there are great numbers of artisans and clerks and warehousemen within the Income Tax limit who would benefit by this concession.

The right hon. Gentleman has said that it would cost £4,500,000. I accept the figure, but I should be interested to see how that calculation is arrived at. Is that what it cost in 1920, when Income Tax was 6s. in the £ and the allowance was £36 for the first child and £27 for the second? Did it cost anything like that then? Or is the Treasury actuary calculating on the increase in the birth rate which it is said the hon. and gallant Gentleman and I would bring about by this new Clause? Let us see what £4,500,000 is equivalent to. It is something more than the cost of one of our new cruisers. We have on the stocks at the present time eight cruisers, which, when completed, will have cost £24,000,000. We have just launched two battleships, "Nelson" and "Rodney,"

which, by the time they have finished their trials, will have cost the taxpayers over £7,500,000 each.

The CHAIRMAN: I am afraid the hon. Member cannot pursue those comparisons any further.

Lieut. - Commander KENWORTHY: I was not going any further. I only mention that as a comparison, to ask whether it would not be better to spend a sum which is little more than half the cost of completing the battleship "Nelson" on this concession for the benefit of struggling young parents and others. Surely there can be no hesitation as to what the answer shall be, and I hope every one who has heard this Debate will support us in the Division.

Mr. McNEILL: I would like to say one or two words in reply to the speech of the hon. Member for Wimbledon (Sir J. Power)—perhaps I ought to have mentioned them before, but I omitted to do so—seeing that this Clause is to be carried to a Division. This allowance forms part of a very carefully thought-out scheme of graduation of the Income Tax. The whole system of graduation of Income Tax was changed in 1920, because it was found by experience, and it was supported by the Royal Commission, that the old system under which the rate of Income Tax rose by steps as the figure of income rose gave rise to many anomalies and borderline cases. For example, a man with an income of £150 a year or more was on a different level in matters of taxation from a man with only £149 a year. The whole of this system was gone into in 1920, and there was a personal allowance of £135 for an unmarried person, a personal allowance of £225 for a married couple, an allowance of £60 for a widower who had a female relative to look after his children, and so on. That was all carefully thought out, and, so far as it is possible in such a case to say that it was scientific, it was a scientific system for graduating the incidence of Income Tax. It was recommended by the Royal Commission, and it represented a serious attempt to deal with the question of graduation as a whole, and to apportion the burden of the tax according to the ability of the taxpayers, regard being had both to the amount and nature of their incomes and

to their family responsibilities. That was the principle upon which these allowances were founded.

My hon. and gallant Friend now wants to take one of these allowances only, and double it. It is easy, of course, to come to the House and make a very strong and plausible case for a concession of that kind. Anyone can do that, and can stir people's sympathies; but it is really rather a serious responsibility to support something which makes an inroad into the whole system of graduation, and will upset its balance. If this Clause were carried, apart altogether from its immediate effects upon the Exchequer, which,

as I have explained, I think would be very undesirable, it would have the much worse effect of really vitiating the balance of the whole system of Income Tax; and my hon. and gallant Friend must, I am sure, appreciate what a very serious matter that would be in regard to the whole system of taxation in this country. I hope very much that he will not think it necessary to divide on this Clause, and that, if he does, my hon. Friends on this side will not support him.

Question put, "That the Clause be read a Second time."

The Committee divided: Ayes, 107; Noes, 152.

Division No. 248.]

AYES.

Adamson, W. M. (Staff., Cannock)	Hayes, John Henry	Rose, Frank H.
Alexander, A. V. (Sheffield, Hillsbro')	Henderson, Right Hon. A. (Burnley)	Salter, Dr. Alfred
Ammon, Charles George	Henderson, T. (Glasgow)	Scrymgeour, E.
Attles, Clement Richard	Hills, Major John Waller	Scurr, John
Baker, Walter	Hirst, G. H.	Sexton, James
Barker, G. (Monmouth, Abertillery)	Hudson, J. H. (Huddersfield)	Shepherd, Arthur Lewis
Barnes, A.	Hutchison, Sir Robert (Montrose)	Shiels, Dr. Drummond
Batey, Joseph	Jenkins, W. (Glamorgan, Neath)	Short, Alfred (Wednesbury)
Broad, F. A.	Johnston, Thomas (Dundee)	Simon, Rt. Hon. Sir John
Brown, Ernest (Leith)	Jones, Morgan (Caerphilly)	Smith, Ben (Bermondsey, Rotherhithe)
Brown, James (Ayr and Bute)	Jones, T. I. Mardy (Pontypridd)	Smith, H. B. Lees (Kelghley)
Buchanan, G.	Kelly, W. T.	Snell, Harry
Cluse, W. S.	Kennedy, T.	Snowden, Rt. Hon. Philip
Compton, Joseph	Kirkwood, D.	Spoor, Rt. Hon. Benjamin Charles
Connolly, M.	Lansbury, George	Stephen, Campbell
Cove, W. G.	Lawrence, Susan	Stewart, J. (St. Rollox)
Cowan, D. M. (Scottish Universities)	Lawson, John James	Sutton, J. E.
Crawfurd, H. E.	Lee, F.	Taylor, R. A.
Dalton, Hugh	Lindley, F. W.	Thurtle, Ernest
Day, Colonel Harry	Livingstone, A. M.	Tinker, John Joseph
Dennison, R.	Lowth, T.	Varley, Frank B.
Duncan, C.	Lunn, William	Watson, W. M. (Dunfermline)
Edge, Sir William	Macdonald, Sir Murdoch (Inverness)	Watts-Morgan, Lt.-Col. D. (Rhondda)
Edwards, C. (Monmouth, Bedwellity)	MacLaren, Andrew	Wellock, Wilfred
England, Colonel A.	Maclean, Neil (Glasgow, Govan)	Welsh, J. C.
Evans, Capt. Ernest (Welsh Univer.)	MacNeill-Weir, L.	Whitely, W.
Gardner, J. P.	Maxton, James	Williams, David (Swansea, East)
Garro-Jones, Captain G. M.	Murnin, H.	Williams, Dr. J. H. (Llanelli)
Gillett, George M.	Oliver, George Harold	Williams, T. (York, Don Valley)
Gosling, Harry	Pallin, John Henry	Wilson, C. H. (Sheffield, Attercliffe)
Graham, D. M. (Lanark, Hamilton)	Palling, W.	Wilson, R. J. (Jarrow)
Grenfell, D. R. (Glamorgan)	Parkinson, John Allen (Wigan)	Windsor, Walter
Groves, T.	Pethick-Lawrence, F. W.	Wright, W.
Grundy, T. W.	Potts, John S.	
Hall, F. (York, W. R., Normanton)	Richardson, R. (Houghton-le-Spring)	
Hall, G. H. (Merthyr Tydvil)	Ritson, J.	
Hartshorn, Rt. Hon. Vernon	Robinson, W. C. (Yorks, W.R., Elland)	

NOES.

Alexander, E. E. (Leyton)	Brocklebank, C. E. R.	Christie, J. A.
Allen, J. Sandeman (L'pool, W. Derby)	Brooke, Brigadier-General C. R. I.	Clayton, G. C.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.	Broun-Lindsay, Major H.	Cobb, Sir Cyril
Atholl, Duchess of	Brown, Col. D. C. (N'th'd, Hexham)	Coken, Major J. Brunel
Atkinson, C.	Buchan, John	Conway, Sir W. Martin
Balfour, George (Hampstead)	Bull, Rt. Hon. Sir William James	Cope, Major William
Bainiel, Lord	Burman, J. B.	Couper, J. B.
Beamish, Rear-Admiral T. P. H.	Burton, Colonel H. W.	Courtauld, Major J. S.
Beckett, Sir Gervase (Leeds, N.)	Butler, Sir Geoffrey	Craig, Capt. Rt. Hon. C. C. (Antrim)
Bellairs, Commander Carlyon W.	Campbell, E. T.	Crooke, J. Smedley (Deritend)
Bennett, A. J.	Carver, Major W. H.	Cunliffe, Sir Herbert
Bethel, A.	Cassels, J. D.	Davies, Sir Thomas (Gloucester)
Blundell, F. N.	Cautley, Sir Henry S.	Davies, Dr. Vernon
Bourne, Captain Robert Croft	Chadwick, Sir Robert Burton	Dixon, Captain Rt. Hon. Herbert
Bowyer, Capt. G. E. W.	Chamberlain, Rt. Hon. N. (Ladywood)	Ellis, R. G.
Briggs, J. Harold	Chapman, Sir S.	Elveden, Viscount
Briscoe, Richard George	Charteris, Brigadier-General J.	Erskine, Lord (Somerset, Weston-s.-M.)

TELLERS FOR THE AYES.—
Lieut.-Commander Kenworthy and
Mr. Hayday.

Fanshawe, Captain G. D.
 Fielden, E. B.
 Finburgh, S.
 Ford, Sir P. J.
 Foster, Sir Harry S.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gates, Percy
 Gibbs, Col. Rt. Hon. George Abraham
 Goff, Sir Park
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Greene, W. P. Crawford
 Grotian, H. Brent
 Hackling, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hannon, Patrick Joseph Henry
 Harrison, G. J. C.
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Henderson, Lt.-Col. Sir V. L. (Booth)
 Heneage, Lieut.-Col. Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hopkins, J. W. W.
 Horlick, Lieut.-Colonel J. N.
 Hudson, R. S. (Cumber'nd, Whiteh'n)
 Hume-Williams, Sir W. Ellis
 Hurd, Percy A.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.

James, Lieut.-Colonel Hon. Cuthbert
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linlithgow)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Looker, Herbert William
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, Capt. P. D. (I. of W.)
 MacDonald, R. (Glasgow, Cathcart)
 McNeill, Rt. Hon. Ronald John
 Malone, Major P. B.
 Meller, R. J.
 Merriman, F. B.
 Meyer, Sir Frank
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Morrison, H. (Wilts, Salisbury)
 Newman, Sir R. H. S. D. L. (Exeter)
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Perring, Sir William George
 Power, Sir John Cecil
 Price, Major C. W. M.
 Radford, E. A.
 Rawson, Sir Cooper
 Reid, D. D. (County Down)
 Remer, J. R.
 Roberts, E. H. G. (Fifht)
 Rye, F. E.

Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Savery, S. S.
 Shepperson, E. W.
 Slanev, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smithers, Waldron
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Streetfield, Captain S. R.
 Sueter, Rear-Admiral Murray Fraser
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Captain Margesson and Mr. Penny.

NEW CLAUSE.—(*Amendment of 10*
Ed. VII. c. 8.)

Notwithstanding anything contained in this or any other Act to the contrary, the Finance (1909-10) Act, 1910, Schedule 1 (c) (Provisions applicable to retailers' off-licences, Spirits (2) Minimum quantity of spirits to be sold), shall be deemed to have effect as if, in lieu of the words "one reputed quart bottle," there were inserted the words "one reputed pint bottle," and accordingly the minimum quantity which may be sold by a person holding the off-licence to be held by a retailer of spirits shall be, in England and Wales, one reputed pint bottle.—[*Sir F. Meyer.*]

Brought up, and read the First time.

Sir FRANK MEYER: I beg to move, "That the Clause be read a Second time."

In this new Clause we are travelling a considerable way from the question which the Committee have been discussing during the past hour. We have been dealing with families and children. Now we come to the question of half bottles. The Committee will agree with me that to discuss the question of half a bottle may be a very pleasant occupation, but perhaps this place is not the most suitable one for discussing half bottles. Nevertheless, this new Clause, which has been moved on many occasions, is one to which I and a number of my hon. Friends on this side of the House attach

considerable importance. It is somewhat in the nature of a hardy annual. Hitherto, this hardy annual has been withered by the cold blast of Government disapproval. I am hopeful that after hearing the arguments in favour of the change and what I believe to be the overwhelming sentiment in all quarters of the House, the Government may see fit to make some concession in the matter. Hitherto, in my requests for any concession I have met with very cold comfort. The Chancellor of the Exchequer—whose absence we all deplore, and who has worked very hard during the past few days and deserves a short and very well earned rest—considers this matter of very small importance. After all, it is only a question of half a bottle. The Chancellor of the Exchequer is a man of large ideas, and perhaps if we had been discussing a magnum or even a rehoboam we might have had a more satisfactory answer.

The Financial Secretary to the Treasury has indicated to me that he views this proposal with disapproval. From what he has told me, and from a careful study of the Debates on this question during the past few years, I have not been able to gather what is the real reason that prevents the Government from granting this request. The answers that are given remind me somewhat of a remark in that

well-known book, "Alice in Wonderland." The Committee will remember a certain poem where a messenger was sent for fish and the little fishes' answer was: "You cannot do it, Sir, because." That is as far as it goes. The reasons which have been given in reply to this proposal in the past remind me somewhat of that inconclusive answer. When the proposal was brought forward in 1924, and pressed to a Division, during the period of office of the Labour Government, the right hon. Member for Colne Valley (Mr. Snowden), who was then Chancellor of the Exchequer, adduced several reasons against it. Those arguments were not quite up to the usual standard of his admirable logic and clarity, because he combined the two arguments that this proposal would be contrary to temperance and would be a reduction of revenue. How those two arguments can be combined at the present time I am unable to see.

The Committee probably know fairly well what is the present law on the matter. If I briefly re-state it, I hope they will pardon me. The present position is that an on-licence holder, better known as a publican or a restaurant keeper, is allowed to sell any quantity of spirits for on or off consumption, however small. The off-licence holder, the wine merchant or the grocer, is not allowed to sell less than a reputed quart of spirits at a time. Anybody who desires to buy less than a bottle of whisky or a bottle of brandy or a bottle of any other spirits is obliged to go to a public-house. If he buys a bottle of whisky at the grocers he can at the same time buy a half bottle of whisky or a half bottle of brandy, and he might buy two half bottles of whisky or two half bottles of brandy, but he must not buy a half bottle of whisky and a half bottle of brandy at the same time. That seems to me a very curious and anomalous law. Some people may think that that is one of the Regulations made by that tiresome lady known as "Dora," to whom I have sworn implacable opposition. It is not.

This law dates from a period considerably before the War. The supposed justification for it is, that the on-licence holder pays a considerably higher rate of duty than the off-licence holder for the privileges he has, and that it would not be right for the off-licence holder to poach on those privileges by being able to sell

for off consumption very small quantities of spirits. In other words, people should not be able, to use a vulgar expression, to go to an off-licence holder for a nip. In the days when whisky cost 4s. a bottle—those happy days which the hon. and learned Member for Argyll (Mr. Macquisten) would like to bring back, but I am afraid those happy days will never come back; it is more than we can ever expect—there was, perhaps, some reason in preventing the grocer or the off-licence holder from selling something that cost only 2s. That might have trespassed somewhat on the preserves of the publican. Even in those days I should not have been in favour of that restriction on the rights of the public, because I do not consider that the rights of the public, if they are entitled to buy spirits at all, as I believe they are, should be limited in any way for the benefit of any one class. There might have been some justification in those days but now when whisky costs 12s. 6d. a bottle and brandy anything from 15s. a bottle, and a half bottle costs 7s. or more, nobody can say that permission to go to the grocer or the wine merchant to buy a half bottle of spirits will encroach severely on the rights of the publican to sell small quantities for on or off consumption, for which he pays a higher duty.

Various arguments have been adduced against what appears to most of us to be a very reasonable change, and a change which is demanded by a large section of the public. I have no idea what arguments the Financial Secretary will bring forward on this occasion. I can only judge by the arguments which have been brought forward in the past. The Chancellor of the Exchequer in the Labour Government said that the change might affect the revenue. Let us consider, coolly and calmly, how this proposal could affect the revenue. If people were allowed to buy a half bottle of spirits from the grocer as well as from the publican, where he can buy it already, and were not forced either to buy a larger quantity at a time than they desire or to go to a public house to get it, surely it cannot seriously be put forward that that would affect the revenue. When the present Financial Secretary to the Treasury opposed this argument last year, and he brought forward his battalion of arguments, he did not mention that the

[Sir F. Meyer.]

change might in any way prejudice the revenue. I do not think that is a position which is tenable for one moment.

A second argument that can be brought forward is the question of temperance. It seems to me a very curious suggestion as a temperance argument, that people should be compelled either to buy more spirits than they intended from the off-licence holder or, alternatively, should go to the public-house for what they want. I see the hon. Member for Dundee (Mr. Scrymgeour), for whose opinion and sincerity I have the greatest respect, but, with all respect to him, I am bound to say that the argument of the temperance people always seems to me somewhat to lack logic, and if it is to be put forward as an argument that this will lead to intemperance, it will surprise me very much, though I am bound to say it would not surprise me if the Noble Lady (Viscountess Astor), who is not here, were to bring that argument forward. If driven to its logical conclusion, such an argument would lead the temperance reformers to say that the best way to secure temperance would be to make the minimum quantity that you can buy at one time as high as possible, and if it be wrong to let people buy half a bottle, that the best way would be to say that nobody should buy less at one time than a gallon or hogshead, and that that would lead to temperance. I do not know if the hon. Gentleman is going to adopt that line of argument, but I do not think it can be sustained for one moment in the view of common-sense people.

I come to the argument which was brought forward by the right hon. Gentleman last year, and on which, no doubt, he will rely this year, namely, the argument that this Clause would upset the balance of our licensing laws. That is a high-sounding phrase and one which, perhaps, requires rather careful analysis. I take it it means that the balance as between the on-licence and off-licence holders would be unfairly affected, but the Government—not this Government, but all Governments since the War—have already upset that balance. As I have explained, in former days the publican was protected against the sale of 2s. worth of spirits by the grocer, but by

putting on the enormous duties that have been put on spirits in order to raise revenue, during the past few years the Government have already upset that balance. Whereas formerly you could not get the 2s. worth, you are not now allowed to get 7s. worth, and whereas formerly the minimum quantity was 4s. worth, it is now 12s. 6d. worth. By that very means all this question of balance between the on- and off-licence holder has already been automatically upset.

In this connection, there is one point to which I would like to draw attention. You often find that our friends from over the border have some advantages, and it will not surprise the Committee to know that in Scotland a man may buy a half-bottle of whisky from a grocer or any off-licence holder. I have no reason to believe that this very ordinary and commonsense privilege has led to any extreme degree of intemperance in that country. In Scotland there are many people who are anxious for temperance reform, but I have never known any of them, even in the most extreme legislative proposals put forward, to bring forward as a temperance proposal, that in Scotland this privilege should be done away with. All we poor dwellers south of the Tweed ask is that we should be granted the same privileges in this matter as exist in Scotland.

I should like to call attention to what occurred in 1924. In that year an identical Clause was brought forward by my hon. Friend the Member for the Moseley Division of Birmingham (Mr. Hannon), and that was the only time during the past few years on which it was pressed to a Division. The Labour party, officially, opposed it, and they put on their Whips. The opposers of the Clause were not sponsored by the official Opposition Whips, but they put on two private Members. Therefore, it was not incumbent on any Member of the Conservative party to vote for the Clause if they did not desire to do so, and yet practically the whole of the Conservative party voted solidly in the Lobby in favour of it. Seven Members of the present Government voted for it, including, I am bound to say—and I think I may not unfairly say—the right hon. Gentleman the Financial Secretary to the Treasury. Ten Junior Members of the present Government also voted for it, and of the staff

of very able, charming and courteous Whips whom the Conservative party enjoys, no less than eight also voted for it. In addition to that, 93 Conservative Members of the present House, who were in the House at that time, voted for it. That seems to me to show very clearly what was the view of the Conservative party on that occasion, and I must say that a number—not a very large number—of Labour Members on that occasion disregarded the official Whip and voted in the minority. A few of the Liberal party did, too, and I have every reason to believe that had there been a free vote on that occasion the proposal would have been carried by a handsome majority, and it seems clear what is the general feeling of the House on this matter.

I want to emphasise that there is considerable demand from the public for this proposal. I bring it forward, not because I have any particular feeling for the grocer or the wine merchant, and still less any hostility to the publican. I bring it forward in what I believe to be the interests of the public and of the man-in-the-street. I do not see why he should be harassed and fettered by petty restrictions of this kind. I may be told that there is no evidence that the public demand it. It is one of the features of politics at the present time that it is only highly organised bodies which are able to impress upon the politician any strong feeling in favour of or against a Measure. You can always get a show of very strong feeling from a body such as a trade union, a trade association, associations of chambers of commerce, municipal corporations and so on, but surely no one can suggest that any one would be likely to form an association of members desirous of buying half-bottles? The man-in-the-street, on this subject, just as on other subjects which I have been able to put forward, such as the question of purchasing cigarettes within certain hours and so on, cannot form fresh bodies. He can only express his views in ordinary, every-day conversation, and he does so very forcibly. From some of the letters I have received on this subject, and from conversations I have heard, I am convinced that this is a reform which is desired by a very large number of people.

This is not a party question. Why should it be made a party question? It

is essentially a question of commonsense. I am utterly unable to see why the Government, if they are unable to make this concession, could not at any rate test the feeling of the Committee by giving a free vote. It is essentially a non-party, commonsense question, and until I hear some evidence stronger than has been given in previous Debates, I am bound to say, unrepentingly, I am in favour of pressing this Clause to a Division. I plead for the middle classes and the man-in-the-street who is harassed by taxes and restrictions. I do ask the Government to do something which can do them no harm, and no harm to anyone, especially as it will give some pleasure and satisfaction to the ordinary, common working and lower middle-class man—men going about their business who do not worry much about politics, but who ask to be free from harassing restrictions.

One of the most popular things the Labour party did when they came into office was to allow the taxi-cabs to go through the parks. That was a sensible change, and a concession—not to the very rich class or very poor class, but to large masses of people who were annoyed by what was rather a petty restriction. I do plead with the Government most earnestly and sincerely on this subject, and I ask them to hear the views of many of my hon. Friends and to take the opinion of the Committee by allowing us to have a free vote, and to grant this very minor but, I think, somewhat important reform, which will give satisfaction on a very large scale, which will do no harm, and which will give pleasure to a great many people.

Mr. SCRYMGEOUR: As a prohibitionist, I agree with what has been said by the hon. Member for Great Yarmouth (Sir F. Meyer) that the question whether a bottle of whisky is to be a pint or a quart has no real significance to any man or woman who objects to the provision of intoxicating beverages. During the War a stipulation was made in Scotland under which it was necessary to purchase a larger bottle, and all that happened was that the people arranged among themselves who should purchase the bottle and the whole of them provided the funds. We can agree with the hon. Member for Great Yarmouth when he points out that what he complains of is unquestionably an anomaly, and it is not

[Mr. Scurrygeour.]

confined to any particular class of the community. The real question is whether the provision of the thing itself is right. Of course, that is not what we are going to divide upon, but it is worth while emphasising that point. It is often asserted that the line of argument adopted on temperance platforms in regard to this question is that our object is to make it difficult for a person to get the so-called commodity. That is a gross injustice. The temperance party, having supported the providing of a so-called commodity, there can be no objection raised by them on the score of the size of the bottle, the time it is sold, or the people who provide the bottle if you have once agreed that there shall be this particular provision and that you are going to extract from it a certain amount for the national Exchequer. When you raise that difficulty you are not dealing fairly with the general body of the public for whom this provision is said to have been made.

No one who takes up the ground that the provision of the thing itself is wrong is consistent in advocating any question about the size of the bottle being larger or smaller. Therefore those who are concerned about the continuance of crime, which includes the temperance party, must be subject to the criticism of those who have spoken on previous occasions before this Debate took place. Those who represent the prohibitionist aspect of this question contend that to take revenue from that source is objectionable. The hon. Member who made this Motion asked that it might be left to a free vote of the Committee—I know he is very much concerned about tied houses and free houses—but he does not want to place hon. Members in the difficult position of having to vote against the Government. The predecessor of the Chancellor of the Exchequer (Mr. Snowden) took up the same attitude, and he argued against this proposal upon the basis that it would not in any way operate in favour of temperance. I submit that this proposal has nothing whatever to do with the real moral question, and whatever may be the decision it is a question of the Government selecting the line which they think will operate in favour of the revenue. This proposal does not affect the working classes from the standpoint

of those who are really concerned with the working classes, and you can make the price of the bottle whatever you like.

The people whom the Mover of this new Clause seems to be so anxious about will put out the last piece of furniture in the house to get that bottle, and therefore the business will come in the direction of those about whom my hon. Friend is so much concerned whether it is a free or a tied house. No question of the price enters into this matter at all. It does not matter at what cost because the man who wants the drink says, "Let me have the contents," and he lets everything else go smash. To me it is a very sad spectacle indeed to hear a representative of the Conservative party pleading on behalf of working people to make this provision a pint bottle so as to allow the workers to get that which will satisfy their thirst. The policy advocated seems to be: "Stand by the worker on this occasion; let him have a bottle as frequently as possible, until he is not able to stand at all."

Mr. McNEILL: My hon. Friend who moved this new Clause very properly recalled the fact that a great many of us, including myself, voted in favour of a similar proposal on a former occasion. I have no objection to stating how I came to take my present view of this matter. The reason was that I did not know the facts. I doubt whether my hon. Friend who has moved this Clause, and a good many of my hon. Friends, know the facts. When I say I did not know the facts, I must explain what I mean. The difficulty that many Governments have had in dealing with this particular subject is that there is no principle involved. When my hon. Friend put forward the apparent absurdity—and it is easy to make an apparent and superficial absurdity out of the existing law—it is very natural, when those who are very much interested in one way or another, that they should go into the Lobby in support of it, because they have no strong reason against it. The fact which I did not know then, and do know now—and I think a good many of my hon. Friends are in the same position—is simply this—I want to be perfectly frank—that all Governments for a long time past have rejected this proposal on the principle that what we want is a

quiet life, and they know perfectly well that if they gave way to the proposal made now they would find themselves in a very great number of difficulties. Nobody wants to go out of his way to look for difficulties. We want to avoid difficulties if we can.

The first difficulty is to know quite why the proposal is made. My hon. Friend said he came forward with no particular interest one way or the other. He was the champion of the public and, anticipating that people might say, "How did you know there is such a strong public opinion?" he said, "You cannot have an association or a league formed for the defence of the half-bottle." It is quite true you cannot, but if that be so, I am rather forced back to the question that jumps to my mind: How is my hon. Friend to know there is any public demand if there is no way of assessing it? After all, we have got at the Treasury certain means of knowing the views of people outside, and I can say honestly, to the best of my knowledge and belief, there is no sort of public demand. I do not think anybody cares about it one way or the other.

Mr. GRÖTRIAN: I have had largely signed petitions.

Mr. McNEILL: This question goes back to an Act bearing the picturesque title of the Maraschino Act, and the matter has been troubling different Governments in one way or another ever since. What happens is that those who are interested in this particular proposal naturally write to their representative, and get some of their friends to write to their representatives, and it is quite well known how easy it is to get the appearance of a body of opinion pressed upon the representative of a constituency. But many of us are so accustomed to it that we are becoming a little more inclined to scrutinise these evidences of public opinion, and it is my view that there is little or no evidence of what you can call a sense of grievance or any public demand—I mean by a public demand, public from the point of view of those who, in the economic sense, are consumers. I agree that the on-licence holders, probably all over the country, are keen to get this particular restriction swept away, but that does not amount to what can be called public opinion; and these gentlemen who

hold on-licences, when they put their case forward, always put it on all sorts of grounds. They have all a certain amount of weight, but they are not generally the perfectly obvious, face-value grounds.

I had a deputation before me at the Treasury on this very subject more than a year ago, and there were all sorts of reasons put forward. One specially put forward was that in time of genuine sickness, very often a person was ordered a little brandy, and it was very hard lines if he could not get a small quantity at a grocer's shop, and had to submit to the indignity of going to a publichouse for it. When I suggested to the deputation that it would be possible to meet their view by making an exception in the case of brandy, that was immediately swept away, and I was told that brandy had no particular medicinal value. My well-meant effort to meet this grievance was swept away, and I did not find then, and I do not find now, that there is any real grievance of which they are entitled to complain in not being able to sell a half bottle.

Let me remind the Committee a little as to how this matter arose. My hon. Friend suggested this *reductio ad absurdum*—why should you not put the limit at a hogshead? The limit was two gallons up to 1861. A change was made by Mr. Gladstone, and no off-licence holder was entitled to sell less than two gallons. That has been, at various times, altered. If my recollection be right, it was fixed at the present minimum in 1909, or some such date as that. You may say it is very easy to make it look absurd by saying: "Why should you be allowed in one place to buy a quart bottle, or a pint bottle, or half-pint bottle if you like, and in the other place you can only buy two pint bottles?" It is really easy to make it absurd and illogical, but you have got to remember that, first of all, the history of it goes back a long time, and it has had some reason in it; and the reason this particular restriction is placed upon the off-licence holder is that the off-licence holder pays a very much higher duty for his licence to sell at all. The off-licence and the on-licence rest on quite different systems of valuation, and in many cases a man who holds an on-licence has to pay double and sometimes, I think, more than double what his competitor across the street who has a grocer's or off-licence

[Mr. McNeill.]

pays. The man who has an on-licence also has to submit to restrictions with regard to the premises where he sells his liquor and is subject to all sorts of regulations, supervision, and control. The advocates of this change, the champions of the off-licence holders, and the champions of the half bottle, have never suggested that if this little remaining difference of privilege were swept away the off-licence holder should pay the same licence as his rival does. In that case, there would be no reason why there should be any difference in the cost of the licence. Under these circumstances, whatever is the logic or lack of logic—and I grant there is very little logic about it—obviously, if you deprive the on-licence man of a difference, which you may say is of no value but which, at any rate, he values, you cannot retain the present position.

I have had communications not merely from individuals but from associations representing this trade and industry, and they have let the Treasury know what their views are on matters of this sort. I know perfectly well that if the Government, moved by the advocacy of my hon. Friend and by what I admit is the absurdity of this difference, were suddenly to sweep away that difference and decide that a half bottle might be sold indiscriminately by off- and on-licence holders, I do assure the House that very great difficulties would arise for all of us. It is not a party question, and in all our constituencies you would have stirred up something which at the present time is in the nature of a sleeping dog. Everyone knows, who knows anything of the licensing question in this country, that there is no more thorny question than the licensing law, and men of all parties, once they begin to operate on the licensing laws will find themselves in all sorts of pitfalls and difficulties and hornets' nests, which they would do much better to avoid.

I am not going to suggest that this Clause should be rejected on the ground of any loss of revenue. I do so from the point of view that I have put quite frankly before the Committee, that we do not want to raise this question unnecessarily. I agree with my hon. Friends that, if there was a serious grievance, or if any great branch of

traders were unjustly suffering because of the existing law, then I would say, "By all means let us take our courage in both hands and remove this anomaly, whatever the difficulties may be." That is really how the matter stands and why, year after year, each Government in turn, after looking into the matter and having sources of information as to public opinion upon it, have said, "Leave it alone." I want to leave it alone. I think we ought to follow the lead of those who have gone before and refuse to make this particular change.

My hon. Friend has made a very strong appeal, and I know that there are Members on both sides of the House who feel that there is a strong case for making a change in this matter. But I am in this dilemma for reasons

10.0 p.m. which I am sure the Committee will appreciate. I have got rather a heavy responsibility upon myself to-day. I am only a subordinate Minister; I am not the Chancellor of the Exchequer—a very powerful Minister, who after the strenuous days he has passed through is not available to me for consultation at this moment. My hon. Friend suggested that I should leave this matter to a free vote of the House. I believe myself if the House realised, as I have tried to make it realise, the real facts of the case, that in a free vote it would support the Government in leaving this matter as it is. At the same time, there is this to be said. I do not think that any Government in dealing with a matter of this sort ought to shirk their responsibility, and having regard to our Parliamentary procedure and traditions, to take off the Government Whips would be shirking the responsibility in a matter which ought to be shouldered by the Government one way or the other. Therefore, I cannot do that. If my right hon. Friend were here, he might choose to do so, but I cannot do it. But I will do this, if it will help to meet the difficulty of my hon. Friend and other Members. If my hon. Friend will be content to withdraw this Clause now, or allow it formally to be negatived, I will promise to urge upon my right hon. Friend the Chancellor of the Exchequer to reconsider the whole matter. Up to now he has strongly felt that there was really no case, but I will urge it, and I think I can undertake that he will give reconsideration to this

subject before the Report stage is reached, and, if he finds that it is possible for him to do so, he will then come to a definite decision.

Lieut.-Colonel Sir FREDERICK HALL:

I would like to say that I am entirely in favour of the removal of the embargo with regard to the sale of half bottles of spirits to the public, but I do think that after the magnanimous manner in which my right hon. Friend has appealed to us we should give him some consideration. I only want him to know that there are a great many Members in the House who are entirely in favour of this new Clause, and I do sincerely trust that it will not only be a question of bringing the matter before the Chancellor of the Exchequer, but that on the other hand my right hon. Friend will give it careful consideration and bring the matter up again on the Report stage.

Dr. WATTS: I am exceedingly sorry to take up the time of the Committee at this stage, but I have strong feelings on this matter. I am not concerned with the on or the off-licence; I am only concerned with the comfort of the people. An hon. Member who spoke earlier in the Debate referred to the value of whisky or brandy in the treatment of disease. When I was in active practice some years ago, I met with numerous instances of the difficulties which are entailed by the operation of the law which this Clause seeks to remove. I have seen in my practice in days gone by scores of people, as in the great influenza epidemic, whose lives were entirely saved by the free administration of whisky or brandy. I am speaking from experience. I have known poor people who, in times of stress and illness, have had reason to get a small quantity of spirits, but they have had to go to off-licence premises and pay for a whole bottle. When the crisis was over, they have been left with a large quantity of whisky, and, in their natural satisfaction, they have consumed the whisky, I am sorry to say in some cases with bad consequences.

Colonel GRETTON: I have no interest in this business, and I can speak from the point of view of the public. I do not believe that there is any real opposition in the on-licence trade to this change. The general body of opinion in the on-licence trade, according to my

experience, is that the public convenience ought to be met. In this case I am convinced that there is a real public grievance. The case for the half-bottle of brandy, I think, is quite unanswerable. The case for the half-bottle of whisky may be more difficult, but I suggest to my hon. Friend who has raised the matter that, if this question can be raised again on the Report stage, he will be well advised to withdraw his new Clause and raise it again on the Report stage.

Sir F. MEYER: I feel that I must make my position clear before I state what I am prepared to do. I put this Amendment down some weeks ago, and, at the time I did so, I asked the right hon. Gentleman the Chancellor of the Exchequer if he would see a small deputation of Conservative Members who wished to explain their views to him. He refused to see us; he said it did not concern him, but that we could see the Financial Secretary. I then approached the right hon. Gentleman the Financial Secretary, and he very courteously said that he would see me and my fellow Members, but that I must understand that he had no power to accept an Amendment, and that the Government were determined not to accept an Amendment. After that, I failed to see how any further approach to the Government could be of any avail, and, therefore, I think I was justified in bringing the question up at this stage. Now that the right hon. Gentleman the Financial Secretary has promised that if I withdraw this Clause he is prepared to give it further consideration between now and the Report stage, I shall be perfectly satisfied to do so, because I think that between now and then the right hon. Gentleman the Chancellor of the Exchequer will find the time, which he could not find before, to think the matter over. But I desire, not being well versed in Parliamentary procedure, to know how the position of this Clause can be safeguarded. If I merely put down the Clause again on the Report stage, can I have any guarantee that Mr. Speaker will call it? Therefore, I should desire that those who are more versed than I am in the procedure of the House should assure me that there is some way in which I can be certain of obtaining a discussion on the subject before I formally withdraw the Clause.

Mr. McNEILL: So far as the last point raised by the hon. Gentleman is concerned, of course I cannot give him any assurance as to what action Mr. Speaker may take. That is quite outside my power. I can only say that Mr. Speaker, knowing as he will know what has happened, would not deny to my hon. Friend the opportunity, under these circumstances, of bringing forward his proposal again. The only further thing I can say to assure my hon. Friend in regard to my own undertaking is, that my right hon. Friend the Chancellor of the Exchequer will communicate with him before the Bill reaches the Report stage and tell him what his decision is. Therefore, there will be plenty of time for him

to put down his new Clause again, either in its present form or in an amended form.

Sir F. MEYER: In view of what the right hon. Gentleman has said, I propose to withdraw the Clause, on the understanding that the Government will not put any difficulties in the way of this question being discussed again on the Report stage.

The CHAIRMAN: Has the hon. Member the leave of the Committee to withdraw the Clause. [**HON. MEMBERS:** "No."]

Question put, "That the Clause be read a Second time."

The Committee divided: Ayes, 80; Noes, 170.

Division No. 249.]

AYES.

[10.15 p.m.]

Adamson, W. M. (Staff., Cannock)
Attlee, Clement Richard
Baker, Walter
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Broad, F. A.
Brown, James (Ayr and Bute)
Cautley, Sir Henry S.
Cluse, W. S.
Compton, Joseph
Connolly, M.
Cove, W. G.
Crawford, H. E.
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Denison, R.
Duncan, C.
Edge, Sir William
Edwards, C. (Monmouth, Bedwellty)
Gardner, J. P.
Gosling, Harry
Graham, D. M. (Lanark, Hamilton)
Greenwood, A. (Nelson and Colne)
Groves, T.
Grundy, T. W.
Hall, F. (York, W. R., Normanton)
Hall, G. H. (Merthyr Tydfil)

Hartshorn, Rt. Hon. Vernon
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
Johnston, Thomas (Dundee)
Jones, Morgan (Caerphilly)
Jones, T. I. Mardy (Pontypridd)
Kelly, W. T.
Kennedy, T.
Kenworthy, Lt.-Com. Hon. Joseph M.
Lawson, John James
Lee, F.
Lindley, F. W.
Lowth, T.
Lunn, William
Maclean, Nell (Glasgow, Govan)
Maxton James
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Pallin, John Henry
Parkinson, John Allen (Wigan)
Perkins, Colonel E. K.

Pethick-Lawrence, F. W.
Potts, John S.
Richardson, R. (Houghton-le-Spring)
Robinson, W. C. (Yorks, W. R., Eiland)
Rose, Frank H.
Salter, Dr. Alfred
Scurr, John
Sexton, James
Shiels, Dr. Drummond
Smith, Ben (Bermondsey, Rotherhithe)
Stephen, Campbell
Stewart, J. (St. Rollox)
Sutton, J. E.
Taylor, R. A.
Varley, Frank B.
Watson, W. M. (Dunfermline)
Watts-Morgan, Lt.-Col. D. (Rhondda)
Welsh, J. C.
Whiteley, W.
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Wilson, C. H. (Sheffield, Attercliffe)
Wilson, R. J. (Jarrow)
Windsor, Walter

TELLERS FOR THE AYES.—
Mr. Kirkwood and Mr. Buchanan.

NOES.

Ainsworth, Major Charles
Albery, Irving James
Alexander, E. E. (Layton)
Allen, J. Sandeman (L'pool, W. Derby)
Ammon, Charles George
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Atboll, Duchess of
Atkinson, C.
Bainiel, Lord
Bennish, Rear-Admiral T. P. H.
Beckett, Sir Gervase (Leeds, N.)
Bellairs, Commander Carlyon W.
Bennett, A. J.
Blundell, F. N.
Bourne, Captain Robert Croft
Bowyer, Captain G. E. W.
Briscoe, Richard George
Brittain, Sir Harry
Brocklebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Broun-Lindsay, Major H.
Brown, Col. D. C. (N'th'I'd., Hexham)

Brown, Ernest (Leith)
Buchan, John
Bull, Rt. Hon. Sir William James
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Cadogan, Major Hon. Edward
Campbell, E. T.
Carver, Major W. H.
Cassels, J. D.
Cayzer, Maj. Sir Herbt. R. (Prismst. S.)
Cazalet, Captain Victor A.
Chadwick, Sir Robert Burton
Chamberlain, Rt. Hon. N. (Ladywood)
Chapman, Sir S.
Charteris, Brigadier-General J.
Christie, J. A.
Clayton, G. C.
Cobb, Sir Cyril
Conway, Sir W. Martin
Cooper, A. Duff
Couper, J. B.
Cowan, D. M. (Scottish Universities)

Craig, Sir Ernest (Chester, Crewe)
Croft, Brigadier-General Sir H.
Crooke, J. Smedley (Deritend)
Cunliffe, Sir Herbert
Curzon, Captain Viscount
Dalketh, Earl of
Dalton, Hugh
Davies, Dr. Vernon
Dixon, Captain Rt. Hon. Herbert
Ellis, R. G.
Elvedon, Viscount
England, Colonel A.
Erskine, Lord (Somerset, Weston-a-M.)
Evans, Capt. Ernest (Welsh Univer.)
Fanshawe, Captain G. D.
Fielden, E. B.
Finburgh, S.
Foster, Sir Harry S.
Fraser, Captain Ian
Gadlie, Lieut.-Col. Anthony
Galbraith, J. F. W.
Ganzoni, Sir John
Garro-Jones, Captain G. M.

Gates, Percy
 Gibbs, Col. Rt. Hon. George Abraham
 Gillett, George M.
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Goff, Sir Park
 Gower, Sir Robert
 Graham, Fergus (Cumberland, N.)
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Greene, W. P. Crawford
 Grenfell, D. R. (Glamorgan)
 Grotrian, H. Brent
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hamilton, Sir R. (Orkney & Shetland)
 Harland, A.
 Harrison, G. J. C.
 Harvey, G. (Lambeth, Kennington)
 Hawke, John Anthony
 Henderson, Lt.-Col. Sir V. L. (Boothle)
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume-Williams, Sir W. Effe
 Hutchison, Sir Robert (Montrose)
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Lamb, J. Q.
 Lawrence, Susan
 Livingstone, A. M.

Looker, Herbert William
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macnaghten, Hon. Sir Malcolm
 McNeill, Rt. Hon. Ronald John
 Malone, Major P. B.
 Marriott, Sir J. A. R.
 Meller, R. J.
 Merriman, F. B.
 Mitchell, S. (Lanark, Lanark)
 Mitchell, W. Foot (Saffron Walden)
 Mitchell, Sir W. Lane (Streatham)
 Moles, Rt. Hon. Thomas
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Morrison, H. (Wilts, Salisbury)
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perring, Sir William George
 Power, Sir John Cecil
 Price, Major C. W. M.
 Ramsden, E.
 Rawson, Sir Cooper
 Rees, Sir Beddoe
 Reid, D. D. (County Down)
 Remer, J. R.
 Roberts, E. H. G. (Flint)
 Rye, F. G.
 Salmon, Major I.
 Sandeman, N. Stewart

Savery, S. S.
 Sheffield, Sir Berkeley
 Shepperson, E. W.
 Simon, Rt. Hon. Sir John
 Slaney, Major P. Kenyon
 Smith, R. W. (Aberd'n & Kinc'dine, C.)
 Smithers, Waldron
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Sueter, Rear-Admiral Murray Fraser
 Sykes, Major-Gen. Sir Frederick H.
 Thomson, F. C. (Aberdeen, S.)
 Tinker, John Joseph
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Vaughan-Morgan, Col. K. P.
 Viant, S. P.
 Ward, Lt.-Col. A.L. (Kingston-on-Hull)
 Watson, Rt. Hon. W. (Carlisle)
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, E. (Ches't'r, Stalyb'dge & Hyde)
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
 Major Cope and Captain Margesson.

NEW CLAUSE.—*(Extension of s. 19 of Finance Act, 1920, as amended by ss. 21 and 22 of Finance Act, 1924.)*

Section nineteen of the Finance Act, 1920 (which makes provision for a deduction in respect of relatives taking charge of widowers' or widows' children), as amended by Sections twenty-one and twenty-two of the Finance Act, 1924, shall be extended so as to apply to a person resident with an unmarried person in the capacity of housekeeper where the unmarried person proves that his income from all sources does not exceed five hundred pounds.—[Mr. T. Williams.]

Brought up, and read the First time.

Mr. T. WILLIAMS: I beg to move, "That the Clause be read a Second time."

This Clause deals with a very small point, and is designed exclusively for the purpose of removing an anomaly. One thing that emerges from these discussions is that the Financial Secretary is not empowered to make any concession so far, but I am hoping that since this particular Clause deals only with the case of the unmarried woman, perhaps he will reserve a few pounds for this purpose. The position is this. The existing allowances are granted to a widow or widower with one or more children who has female domestic assistance, and to an unmarried person who has for domestic assistance his mother or sister. They are able to

obtain an allowance to the extent of £60 under Section 19 of the Finance Act, 1920, as amended. The one person, however, who is unable to obtain this £60 allowance is the unmarried woman. For example, the unmarried woman who follows the profession of school teacher is out of her house for many hours during the day, and is called upon to undertake a good deal of study during the evening. If she takes a house on her own account she must, of necessity, have someone to perform the domestic duties. It seems to me that that person should be enabled to obtain the allowance. I do not know what the exact cost of the concession would be, but it seems that there are these anomalous cases in almost every district. For the sake of the unmarried woman who has acquired some profession, who earns her own livelihood and probably keeps one of her sisters to perform the domestic duties of the house, I think the Chancellor of the Exchequer should accept this Amendment. A limit of £500 income is inserted in the Clause in order to keep the concession, if it is granted, within measurable limits. I hope the Attorney-General, who is in charge of the Bill at the moment, is going to remove this anomaly and secure equitable treatment between all kinds of people who are in exactly similar circumstances.

The ATTORNEY - GENERAL (Sir Douglas Hogg): The hon. Member has suggested that the new Clause is designed to remove an anomaly, and to put the unmarried woman in the same position as the unmarried man or any such other persons who are entitled to the allowance. He has mistaken, first, the existing law and, secondly, the effect of his proposed new Clause. The existing law is not that an unmarried man without children is able to get the housekeeper's allowance.

Mr. WILLIAMS: I did not quite make that statement. I said that a person who keeps his mother, or his sister or a female relative, to look after one small boy or girl can get the allowance, although unmarried.

The ATTORNEY-GENERAL: And so can a widow in a like condition. The position is that the new Clause instead of applying only to unmarried ladies who want to have domestic help would, in fact, apply equally to unmarried men who at present have no such allowance, and who by this Clause would be given an allowance which was originally designed to assist widows and widowers if they had some female person to reside with them as housekeeper. I do not think that is desirable, and it is certainly inconsistent with the history of the Clause. When the housekeeper's allowance was first conceded in 1918 it was confined to widowers and widows who had children, the object being to assist a widower or widow who got some woman to look after their children: that they should still have an allowance to cover that expense. It was suggested at that time that the concession should be extended to widowers who had no children, and the matter was fully investigated by the Royal Commission on Income Tax, and they recommended in their Report of March, 1920, that the allowance should be confined to widowers or widows with children. That was intended to provide for the person who had to get in some woman to look after young children whom he or she could not care for personally owing to the loss of a husband or a wife. In 1924 a concession was made by the then Chancellor of the Exchequer, but he was careful to limit that concession, and although he extended the allowance to cases where

there were no young children to be cared for, he still confined it carefully to a widower or a widow.

The present proposal is an illustration of the danger which results from granting a concession in order to meet some particular hard case because the concession granted is at once made a stepping stone towards some further concession which removes the original alleviation far from the case it was designed to meet. The object of the original concession here was to enable a person who had lost husband or wife to find someone to take care of young children so deprived of a natural protector. As I say, in 1924, in response to considerable pressure from some hon. Members who now sit opposite, an extension was made to the case where a widower or widow had no young children, and now it is suggested that wherever an unmarried person keeps a housekeeper, he or she, should be entitled to the allowance, provided his or her total income does not exceed £500. It would produce a remarkable anomaly because the concession, in the case of the widower or widow, is not confined to people with any particular income. You would have the result that the unmarried person who had been a husband or wife would get the allowance, whatever the income, whereas the person who had always been unmarried would only get the allowance if the income was not more than £500. It would also have the odd result that in some cases the person with the larger income would have to pay more in extra Income Tax than the difference between his or her income and the income of a person who would come under the new Clause. For instance, a person with an income of £505 who therefore would not get the allowance, would have to pay £14 more than the person, in like condition, who had an income of £495. Therefore although he would have an extra £10 income, he would be £4 worse off. That illustrates some of the anomalies which would be created and on the grounds that the concession is one which the Royal Commission definitely reported against; that it would create these anomalous positions, and, that it is divorcing the housekeeper allowance from the purpose which it was originally designed to meet, the Government are unable to accept the proposed New Clause.

Mr. T. JOHNSTON: Is the Attorney-General's explanation regarding a widower with children complete? Is it not the case that, where a widower with young children sends those children to his mother who has a home of her own, before the Income Tax authorities will allow him anything in respect of the education and nurture of those children they insist upon him having a woman resident in his home? Does not that make for a very curious anomaly and is it not perhaps an insistence on some more or less immoral relationship which the Government contemplate? Will he say if it is the case that the Income Tax authorities do rigidly insist upon that condition that the woman must be residing in the widower's house?

The ATTORNEY-GENERAL: I think it is quite true that before you can claim the housekeeper's allowance you have got to prove that you have got a housekeeper. That anomaly, if it be one, would still remain under the proposals in this Clause.

Mr. WILLIAMS: It may be that the whole thing is so complicated that one can be very dull in putting a plain statement of facts, but I would like to ask the Attorney-General this: Is it not true to say that under existing legislation a widow with one child who spends four-fifths of her time in an educational institution can have some female to perform her domestic duties and obtain the allowance of £60? If that be the case, will the right hon. Gentleman tell us what the anomaly would be if an unmarried person who is performing her professional duties away from home several hours during the day employed her own sister to perform the domestic duties of the household and if she obtained the same allowance as is granted to the widow? Further, is it not the case that an unmarried male person who has got one small boy or girl dependent upon him and who may for four-fifths of his time be in an educational institution can engage a female to perform the domestic duties and obtain the £60 allowance? [HON. MEMBERS: "Answer!"]

Question, "That the Clause be read a Second time," put; and negatived.

Sir F. WISE: As the Chancellor of the Exchequer is not in his place and, also,

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as I am sorry for the reason, I do not propose to move my new Clause (*Exchange and issues of securities*).

NEW CLAUSE.—(Silk Duties—Amendment.)

As from the thirty-first day of August, nineteen hundred and twenty-seven, the duties chargeable upon silk, cocoons, and waste of all kinds, undischarged or wholly or in part discharged, and raw silk, undischarged or wholly or in part discharged, in pursuance of the fourth Section of the Finance Act of 1925 and Part I of the Second Schedule of that Act shall cease.—[*Mr. Remer.*]

Brought up, and read the First time.

Mr. REMER: I beg to move, "That the Clause be read a Second time."

I make no apology for introducing this question of the Silk Duties by moving this new Clause to make the duty more equitable between the different branches of the trade, particularly so as it will cost the Exchequer practically nothing during the existing year. The total revenue raised last year by the particular items which I wish to leave out was £250,000. I think drafting Amendments may be necessary if this Clause is agreed to, in order to adjust drawbacks, but they can be quite easily made if the Chancellor accepts this proposal.

In the hosiery trade there is a very small amount of raw silk which is covered by the omission which I propose, and there is a tax on the fully manufactured article of 33½ per cent. In other words, that industry has what I call adequate protection, or what the Chancellor of the Exchequer calls compensation for the inconvenience which the trade is suffering. That industry is in a very good position at the present time. This proposed new Clause is designed to help the silk spinners, who are in a very bad position at the present time. The tax on spun silk is 6s. 8d. per lb., and the drawback on the same article is 7s. 9d. per lb. As the Committee will quite readily see from these two figures, it pays the manufacturer who uses spun silk, or the London merchant who buys spun silk, if the prices of the two articles are the same, to buy the foreign instead of the British article, because, in that event, he gets a rebate of 7s. 9d. per lb., whereas, if he buys the British article, he only gets 6s. 8d. per lb.

[Mr. Remer.]

Furthermore, as far as the spun silk trade is concerned, little or no protection is given to the spinners of silk; and there is a still further point in favour of this proposed new Clause, in dealing with the exports of silk generally to various countries. The countries to which I refer are Canada, South America, the United States of America and South Africa. In all of those countries there is a dumping law, and the import tax in those countries is payable, not on the price at which the goods are sold there, but on the price at which they are sold in the United Kingdom. As the Committee know, in the Silk Duties there is a tax upon the raw material which makes the price of a silk article in this country higher, and the manufacturers, when they export, receive a drawback on exportation. Consequently, the tax which is paid, when silk goods from Britain are exported to the countries I have named, is charged, not upon the price at which those goods are sold there, but upon the price at which they are sold in this country, and that is equivalent to an increased tariff on those goods as compared with foreign countries who export to those same countries.

It may be said that the Chancellor of the Exchequer, when he introduced these Silk Duties, made a very careful scheme to balance the artificial silk trade and the real silk trade in proper proportion. What the Chancellor really did, at a late stage of the Silk Duties, was to buy off Messrs. Courtauld's very pronounced opposition in the country, but he gave nothing to the people who were his real supporters throughout, namely, the Silk Association, for whom I am speaking in moving this Clause. It was originally proposed that there should be, on artificial silk, an excise of 2s. per lb. The Silk Association proposed that that should be reduced to 1s. 6d., in order to make the proportion equal. In the face of Messrs. Courtauld's opposition, the right hon. Gentleman reduced the Excise to 1s. The artificial silk people have a very considerable protection, amounting to the equivalent of 16½ per cent. The spun silk people have no protection whatever, and are suffering from very severe competition. It must be realised by the whole Committee that there is really no competition as between the artificial silk

trade and the real silk trade, for the very good reason that there is an enormous difference between the price of the two commodities. I will give one illustration. A tie in artificial silk would cost wholesale something like 1s. 9d., whereas in real silk it could not be put on the market at less than 5s. 6d., and the price would be nearer 8s. 6d.

I submit this new Clause with a feeling that if this concession can be granted to the real silk industry it will lead to vastly more employment in places where there is great suffering at the present time through unemployment, particularly in the spun silk trade. Unless something can be done quickly for this particular trade, which has no protection of any kind in the Silk Duties, that trade will disappear altogether, which would be a great pity for the trade of this country. I was told to-day in Macclesfield by a very prominent manufacturer that the Italian manufacturers and the French manufacturers are actually offering spun silk in Macclesfield and district at less than the cost of the raw material to the British manufacturer at the present time. That is entirely caused by the tax on raw material which has been put on by the right hon. Gentleman. I do plead with him very strongly to give this concession, mainly because it will not cost any particular amount of revenue but will do a great deal of good in making a complete success of the Silk Duties, which have been a partial success up to the present time.

The ATTORNEY-GENERAL: I am sorry that the Chancellor of the Exchequer or a representative of the Board of Trade are not here to reply to the hon. Member, and in their absence I will do the best I can. My hon. Friend said that this Clause is required in order to make a complete success of the Silk Duties, but we are to make a complete success of them by turning them from being revenue duties into protective duties. There are some Members of this House to whom that might not be a consideration which would render his arguments unpalatable, but so long as the Government are bound by pledges upon this subject, it is quite impossible for us to take that course. The actual cost of the proposal it is impossible to estimate with accuracy. In the present year it would probably cost £108,000 and in a

full year £270,000, but it would cost a great deal more presently, because if its objects were achieved it would result in the stimulation of the manufacture of silk in this country and the cessation to that extent of the imports of manufactured silk, which would run into £500,000 or more per annum.

There is another more serious objection to the Clause, and that is that if the concession were granted to the manufacturers of real silk it would be almost impossible to deny a similar concession, in due course, to the manufacturers of artificial silk, because it would be impossible to allow home made natural silk yarn to be free from duty and at the same time to insist on home made artificial silk yarn continuing to pay duty.

Mr. REMER: If I may interrupt, the artificial silk manufacturers have specifically stated they do not want the duty to be taken off the raw material.

The ATTORNEY-GENERAL: The artificial silk manufacturers certainly have not stated that they would like the duty to be taken off this raw silk, which is what the proposal involves. The hon. Member has said, and it is a perfectly valid argument, that there is considerable difficulty arising from the tariffs of Canada and South Africa and some other places in regard to the valuation of the material which is exported from this country for the purposes of drawback. That is a matter which has been brought to the attention of the Government some time since. It was specifically raised at the last Imperial Conference, and the hon. Member will find the subject discussed in the course of the ninth Report of the General Economic Sub-committee.

Mr. REMER: If I may interrupt again, Mr. MacKenzie King has since stated to the silk trade that he will not give any concession whatever on the matter.

The ATTORNEY-GENERAL: I am sorry to hear that the Prime Minister of Canada at present takes that view. The promise given to us at the time by the Dominion representatives was that the question should be examined, especially in regard to the special duties, in the light of the discussions which had taken place, and the Board of Trade have been in communication, not only with Canada but with other countries, and have

certainly not received any such disappointing assurance as that of which the hon. Member seems to have heard. But the Board of Trade will not desist from their efforts quite so soon, and the right way to meet any difficulty which exists by reason of the method of valuation adopted in Canada or South Africa is clearly, I think, to ask those countries to modify their regulations and methods of valuation if they find they inflict injustice on this country. I am sure, if they can, they will be disposed sympathetically to consider such a suggestion.

A further difficulty in regard to this Clause is that the existence of two classes of similar goods in this country, one of which has paid duty and the other of which has not, would involve the recasting of the whole of the existing drawback rates, would greatly complicate the administration, and would very much embarrass the exporters of silk goods, who would have to prove, in claiming drawback, whether the goods on which they claimed were goods which had, in fact, borne the duty. The information we have is that even the silk trade itself is not unanimous in supporting the present suggestion, and that the Silk Section of the London Chamber of Commerce is against the proposal on the ground that the proposed Clause would fundamentally alter the basis of the whole Silk Duties. For two years now the Silk Duties have been imposed, and a great deal of time was spent in Parliament in thrashing them out and in trying to arrive at a fair scheme, and the right hon. Gentleman the Chancellor of the Exchequer does not feel that it would be possible to make the modification suggested.

Mr. REMER: May I ask a question regarding the very important point about the drawback on spun silk, which is 6s. 8d. on British and 7s. 9d. on foreign. The effect of that is that the manufacturers and merchants wanting to buy spun silk for export buy foreign if the price is the same, as against British. Would the right hon. Gentleman have that point put before the appropriate Department in order to see if something can be done between now and the Report stage to alleviate the difference of drawback on these two particular commodities?

The ATTORNEY-GENERAL: I will cause inquiries to be made on that point, but I cannot promise the hon. Gentleman to give him satisfaction. I do not know that there may not be an answer to it.

Question, "That the Clause be read a Second time," put, and negatived.

NEW CLAUSE.—(*Reduced duty on sugar refined in the United Kingdom.*)

For the purpose of calculating the duty on sugar refined in the United Kingdom, such sugar shall be deemed, notwithstanding anything in Section eight of the Finance Act, 1919, to be an Empire product to the extent of one-third of its value, and accordingly sugars refined in the United Kingdom shall be charged for Customs Duty at preferential rates representing the full rates of Customs Duty for the time being in force reduced by one-third of the respective amounts specified in the said second column of Part I of the Third Schedule to the Finance Act, 1925.—[Mr. Hannon.]

Brought up, and read the First time.

Mr. HANNON: You were good enough to say, Captain FitzRoy, that I should be allowed to move this new Clause formally. I shall content myself with simply asking the Government to take this new Clause into consideration before the next Finance Bill—

The DEPUTY-CHAIRMAN (Captain FitzRoy): It is not in order for the hon. Member to speak without moving the Clause.

Mr. HANNON: I beg to move, "That the Clause be read a Second time."

I have already promised that I will move the Clause formally, and I appeal to the Chancellor of the Exchequer to remember that this is a question of profound importance to a large number of workpeople in this country. I hope that before the next Finance Bill is introduced the Chancellor of the Exchequer will take into consideration all the aspects of the Sugar Duty, and extend to the sugar refiners of this country the proportion of the Preference to which they are entitled. This industry is at the present moment in a very parlous state, and surely the Government is not going to permit it to be destroyed simply by refusing a concession of the kind we seek in this new Clause.

Mr. A. V. ALEXANDER: I should like to ask you, Captain FitzRoy, if we shall be allowed to repeat our arguments upon this question?

The DEPUTY-CHAIRMAN: That would not be in order, because we have already had a full discussion of this subject on a previous new Clause.

The ATTORNEY-GENERAL: I do not think, under the circumstances, I shall be expected to make another speech on this question. The difficulties created by this new Clause have been very clearly put before the Committee, and I do not think it is necessary for me to repeat them.

Question, "That the Clause be read a Second time," put and negatived.

NEW CLAUSE.—(*Increased preference on Empire brandy.*)

As from the first day of August, nineteen hundred and twenty-seven, there shall, in lieu of the Customs Duty theretofore payable on Empire brandy, be charged, levied, and paid on Empire brandy imported into the United Kingdom for every gallon computed at proof—

			£	s.	d.
In cask	...	...	3	5	4
In bottle	...	...	8	6	4

[Sir Cooper Rawson.]

Brought up, and read the First time.

Sir COOPER RAWSON: I beg to move, "That the Clause be read a Second time."

I will endeavour, as briefly as possible, to state the facts in support of this proposal, which is intended to increase the Preference on Empire brandy. The amount of revenue involved is comparatively insignificant. Already the Preference given on other Empire productions has had an enormous effect in the direction of stimulating trade between this country and various parts of our Empire, and it is hoped that if this remission is made on Empire brandy it will stimulate production and encourage trade between this country and different parts of the Empire. The half-a-crown duty at present enjoyed by
11.0 p.m. Empire brandy is inadequate to break down the prejudice in favour of French brandy, and it is felt, if this half-a-crown is increased to ten shillings, it will bring down the price of

Empire brandy within the reach of people who are not able to pay for it at the present time; and brandy, one has to remember, is not so much a beverage as whisky, but is used medicinally to a large extent not only in hospitals but also privately; and it is hoped that if the price is reduced, the cost to the hospitals will naturally be reduced proportionately.

I shall probably be met with the excuse from the right hon. Gentleman, who is replying, that this cannot be done. I put a question recently to the Chancellor of the Exchequer on Empire brandy, and his reply was that an increase in favour of Empire brandy would involve a similar treatment for whisky, gin, rum, and other spirits. I submit that brandy stands in an entirely different category to whisky. There is no competition in any part of the world with Scotch whisky. There is no or little competition with rum, most of which comes from Jamaica. There is little or no competition with what is known as London gin, and, therefore, brandy stands in an entirely different category; and I submit that special treatment might be afforded to it by the Chancellor with a view to encouraging the production of brandy in Australia, South Africa, Cyprus, and also in Palestine. For the reasons I have given, I beg to move the Clause.

Captain GARRO-JONES: It is rather fortunate that there are not many inebriates in this House, because since Four o'clock we have been listening to nothing but the merits of brandy, whisky and wine. The time of the Committee is supposed to be very precious, but still the hon. and learned Member for Argyll (Mr. Macquisten) thought it proper to take about 45 minutes urging a reduction of the Whisky Duty, and now the hon. Member, who has just sat down, has urged a reduction in the duty on brandy. I notice the name of the hon. Member for Moseley (Mr. Hannon) is down to this new Clause. His name appears to be down to every Amendment concerning alcoholic drink—even sacramental wine. It is a little remarkable that all these hon. Members, who are trying for a reduction of the duties on alcoholic drink, have not been at all anxious for the reduction of the duties on tea and sugar.

Sir COOPER RAWSON: On a point of Order. There were 20 or 30 other names, but six only are allowed on the Paper.

Captain GARRO-JONES: My complaint was that the hon. Member does not seem so anxious to have the duties removed on the necessities of life, such as tea and sugar. The point which I desire to submit is this. All along the line we have had appeals for various reliefs from taxation, and also preferences, but hon. Members who made these proposals did not mind whether it was reducing the right to sell a bottle or a half-bottle, whether it was the extension of hours, or the reduction of duty. We even found the right hon. and gallant Member for Burton (Colonel Gretton) saying that although it was against his personal interest to support a Clause of this character, nevertheless he did so in the interests of liberty. The whole object of these proposals ought to be exposed. It is this. If there be one breach made in the line of restrictions which have been built up in the face of the most bitter hostility of the most powerful interests since the War, the whole beneficent fabric of post-War licensing legislation will be endangered. I appeal to the Attorney-General and the Chancellor of the Exchequer not to allow that breach to be made, as the strongest protection against any unwarrantable extension is to be found in the reasonable restrictions that now exist.

Sir H. CROFT: I rather regret that the hon. and gallant Member for South Hackney (Captain Garro-Jones) has taken this particular line on this subject, because it has nothing to do with the point in regard to home consumption or home trade. It is simply a request that the Government will consider giving an advantage to certain parts of the Empire in the matter of brandy. This was established and agreed to by, certainly, the official Opposition. They have agreed all along the line that where you can reduce duties in favour of the Empire, it is a thing that you ought to do. It is simply on those lines that this proposal is put forward. I believe I am right in saying that the total import of brandy at present is only about 5,000 gallons, and the loss of revenue would be a very small sum in itself, about £2,000. At the same

[Sir H. Croft.]
time, we should be establishing a principle to which both the responsible parties in the House are pledged. If the Attorney-General cannot give us a pledge that this will be done, I hope he will consider it by the Report stage, because the moral value would be very great if he could give assistance in this respect. Already, hospitals are buying South African brandy because they find it cheap. The least we can do in return for the very substantial preference we receive from South Africa is to assist their trade.

MR. ERNEST BROWN: In reply to the hon. and gallant Member for Bournemouth (Sir H. Croft), I wish to say that his memory is a little short with regard to the attitude of the opposition to this proposal. It is well within my memory that in the last Parliament the Government of the day, now represented on the Front Opposition Bench, not only stood up against the proposal but actually risked their existence in four separate Divisions on one night, when four of the biggest Divisions held in that Parliament took place on the reduction of duty on Empire products. There were 10 Motions on the Paper to increase the duty and four to reduce it.

The ATTORNEY-GENERAL: I cannot quite agree with the hon. and gallant Member for South Hackney (Captain Garro-Jones) that we have been spending all our time in discussing alcoholic stimulants. Some time was spent, for instance, on a proposal to stimulate the production of babies; also on another proposal to stimulate the consumption of sugar; and just now we were discussing the importation of silk. No doubt, inasmuch as the alcoholic duties form a very substantial part of the Budget, it is not altogether unnatural that some time should be taken in discussing the proposals for reducing their amount. In spite of that, I am afraid that I cannot accept the new Clause. There is at this moment an existing preference on Empire brandy of no less than 2s. 6d. per gallon. The proposal is to make that 2s. 6d. into 10s. The same 2s. 6d. per gallon preference is given in the case of other Empire spirits, and that that stimulus is sufficient to enable Empire products to increase in consumption is proved, I think, not only by the statement of my hon. Friend just

now that there was an increasing demand in the hospitals for South African brandy because it was cheap, and I believe also that it has been proved very strikingly in the instance of rum, where foreign, non-Empire, rum, has dropped from 24 per cent., the total consumption in 1920, which was the first full year of preference, down to 4½ per cent. in 1926-27, showing a very remarkable response to the 2s. 6d. per gallon preference granted. The Chancellor of the Exchequer feels that it would be impossible to grant a bigger proportion of preference in the case of Empire brandy without at once creating a demand for equally favourable treatment from those Dominions which produce other spirits, such, for instance, as rum from our sorely-pressed West Indian Colonies. That would not cost a mere £2,000. It would run into £2,500,000, or something of that kind. Therefore, although I entirely agree that we ought to give this preference to Empire products in the case not only of brandy but of other Empire products wherever we can, and wherever there is a duty, I am afraid I cannot hold out any substantial hope that a larger preference will be given in the case of the production of brandy than has already been given in that case and in the case of all the other spirits which are subject to similar classes of taxation.

MR. H. WILLIAMS: I must say, with profound respect, that I am not greatly impressed by the arguments of the right hon. and learned Attorney-General. He says that we have a preference of no less than 2s. 6d. a gallon; 2s. 6d. on the present tax of about 80s. That is a preference of three per cent. On tea, to which the hon. and gallant Member for South Hackney (Captain Garro-Jones) referred, we are giving a preference of 33½ per cent. The preference is so ridiculously small that there can be no resistance to our proposal on the ground that preference is already so generous. Then, with regard to the case of rum; of course, we import 94 or 96 per cent. of our rum from within the Empire, because, broadly speaking, rum is not produced anywhere else to any large extent.

The ATTORNEY-GENERAL: I pointed out that the consumption of foreign non-Empire rum was now 4½ per cent., but that six years ago it was 24 per cent. of the total consumption of rum.

Mr. WILLIAMS: The right hon. and learned Gentleman says that the consumption of non-Empire rum was 24 per cent. six years ago. Broadly speaking, it is the case that Jamaica is the main source of the rum that is consumed, not only in this country, but in other countries. Those who have paid a visit to France, where apparently they drink a lot of rum, will always see this British rum there. Jamaica and the British West Indies are the main sources, and obviously there is no competition whatever between brandy and rum because in the particular kind of complaint for which brandy is the solution, I do not think that rum would be taken as the alternative. Although it may be impossible for the Government to make this concession on this occasion, I hope they will do something to assist a product imported from four parts of the Empire—two Dominions, one mandated territory, and one Crown Colony. Although on this occasion they may not be willing to sacrifice £2,000, I hope that before next year they will change their minds.

Mr. HANNON: South African brandy has been spoken of as cheap. South African brandy for the last 10 or 15 years has been produced under the most modern conditions. It is brandy of the highest class which is produced in the whole world. I sincerely hope that no member of the Committee will be left under the impression that South African brandy, given a reasonable preference, cannot hold its own in our market against any other brandy in the world.

Question, "That the Clause be read a Second time," put, and negatived.

NEW CLAUSE.—*(Reduction of Betting Duty in case of bets made under certain conditions on sporting events.)*

(1) Where a person while attending a meeting at which a sporting event is to be decided makes with a bookmaker so attending a bet on any sporting event of the same kind, the betting duty chargeable under Part II of the Finance Act, 1926, in respect of the bet shall be a sum equal to two per centum of the amount paid, or offered or promised to be paid, to or to the order or for the use of the bookmaker.

(2) In this Section the expression "sporting event" means any race, game, match, or any like event.—[Mr. Blundell.]

Brought up, and read the First time.

Mr. BLUNDELL: I beg to move, "That the Clause be read a Second time."

Perhaps I can best explain the effect of this new Clause by way of illustration. In my constituency two of the main sporting events of the world take place—the Grand National and the Waterloo Cup. The Grand National is a race in which horses, accompanied, or sometimes unaccompanied, by jockeys, compete. The Waterloo Cup is a coursing meeting, in which two greyhounds compete with the hare.

If any hon. Member attends the Grand National and chances to have a bet with a bookmaker on the course, the benevolent Chancellor extorts only 2 per cent. of the amount of the stakes. If any hon. Member were to go to the Waterloo Cup and make a bet he would be mulcted in 3½ per cent. Racing has often been said to be the sport of kings, and while that may have been true in the past it is certainly not true now. It may be the sport of kings, but it is also the sport of the people. It is not right in these days that one sport of the people should receive a great advantage over all other sports. On behalf of all those who are interested in coursing I ask the right hon. Gentleman to accept the Clause, of which the effect would be to impose the same amount of duty on all bets made on a sporting event, whether on a racecourse or on a coursing match or at a place where they course electric hares or race whippets or compete in any other form on which bets can be made. The Clause does not raise any controversial issues. It does not raise the issue whether it is moral or immoral to make a bet or whether it is moral or immoral to tax something which may be moral or immoral. It invites the Government to make their procedure democratic and to impose the same fine upon those who take part in any form of sport on any occasion when they bet on the course or on the ground on which the sport takes place.

The ATTORNEY - GENERAL: The object of this new Clause is to assimilate betting on such events as coursing and the like to the existing law with regard to bets on horse-racing and it provides in effect that the duty at the lower rate of 2 per cent. shall be chargeable in the

[The Attorney-General]

case of bets made at a race-course where coursing is carried on in the same way as is already the law with regard to horse-racing. That is a matter that has been carefully considered by the Chancellor of the Exchequer and I am informed by him that after considering with his advisers he thinks the proposal is

reasonable, and therefore I propose to ask the Committee to accept it.

Question put, and agreed to.

Clause added to the Bill.

* * * * *

[For continuation of Proceedings, see Official Report, Friday, 8th July].

HOUSE OF COMMONS.

Thursday, 7th July, 1927.

[OFFICIAL REPORT.]

FINANCE BILL.

Further considered in Committee.
[Progress, 5th July.]

[Captain FitzRoy in the Chair.]

*[Continuation of Official Report, from
 Col. 1590, Thursday, 7th July, 1927.]*

NEW CLAUSE.—(*Stamp duties on powers
 of attorney.*)

The stamp duty of ten shillings, under sub-head (6) of the head "letter or power of attorney and commission factory, mandate, or other instrument in the nature thereof," in the First Schedule to The Stamp Act, 1891, shall not be increased by reason of the persons named in such instrument as donors or donees being more than one, or by reason of such instrument being joint and several, or of such instrument containing or relating to several distinct matters.—*[Mr. Withers.]*

Brought up, and read a First time.

Mr. WITHERS: I beg to move, "That the Clause be read a Second time."

This has nothing to do with whisky or anything of that kind. Deeds are drawn up by one or more persons, giving power to do certain actions. These deeds are naturally liable to Stamp Duty, and the Stamp Duty was settled by the Stamp Duty Act, 1891, which provided that certain special powers should be charged at special rates and all other powers of attorney should be charged 10s. From 1891 until recently all powers of attorney have been stamped at 10s., whether they were given by a number of people to one person or by one person to a number of people. The number of donors and donees, and the number of matters dealt with in the powers of attorney have not been taken into account in altering the Stamp Duty. But recently the Inland Revenue Authorities have, in their zeal to get more revenue, made it a practice to charge an extra 10s. for the number of people who

have executory powers as donors or the number of people who are acceptable as donees. It has also been suggested that they should charge an extra 10s. for the various items dealt with in the power of attorney. I suggest to the Committee that the practice of the Inland Revenue Authorities of extending taxation is not really advisable, and it has been said in this House before now that to introduce the taxing stamp in a new way is really imposing new taxation. Therefore, all the various extensions have to be considered closely. For instance, it is provided, I think, that a receipt seal shall bear a twopenny stamp. Hitherto, any number of people signing a receipt have only paid twopence, and it will be a serious matter if the Inland Revenue Authorities say that for every person who signs a receipt there shall be an additional twopence. They might also say that for any particular item or items in an account for which a receipt is given there shall be charged an extra twopence. I have no doubt whatever that this practice will not receive the praise of the Attorney-General, and I have great hopes that he will consider the matter. I am sure I have no wish whatever to do more than to draw his attention to it, because he and the Chancellor of the Exchequer, when matters have been brought to their attention, have always dealt with these sort of things in a sympathetic and proper way, and I have every confidence that they will do so in this case.

The ATTORNEY-GENERAL: My hon. Friend the Member for Cambridge University (Mr. Withers) drew quite an alarming prospect of the extension of the duties with an unintended passion. I do not think the Committee need have their flesh creep over the prospect of a separate twopence for every person who signs a receipt, or even separate cheque stamps for everybody who signs a cheque. I have heard no suggestion that these extensions are contemplated, and I doubt very much whether they would be legalised. The particular point to which my hon. Friend's Clause is directed is the question whether, if power of Attorney is granted to more than one person, there ought to be 10s. in respect of each donee. Whether or not legally more than one 10s. stamp is executable is, as far as I have been able to ascertain, a somewhat doubtful problem.

[The Attorney-General.]

of law. I agree that it was not intended that there should be an extra 10s. merely because you have two alternative names in a power of Attorney. I am advised, however, that the Government are prepared in principle to accept the new Clause, though we cannot accept it in the form in which it is drafted, as it does not quite work out right. Perhaps my hon. Friend will be content to withdraw the Clause and accept the assurance that on Report we will introduce an Amendment which will meet the point with which he desires us to deal.

Mr. WITHERS: After what the Attorney-General has said, I beg leave to withdraw the Clause.

Motion, and Clause, by leave withdrawn.

NEW CLAUSE.—(*Amendment of Section 22 of the Finance Act, 1922.*)

"Section twenty-two of The Finance Act, 1922 (which relates to power to require delivery of particulars of income for purposes of super-tax) shall be amended by substituting for the words 'as they consider necessary' the words 'as may be reasonably necessary for computing the liability of the individual to super-tax'."—[*Sir J. Marriott.*]

Brought up, and read the First time.

Sir J. MARRIOTT: I beg to move, "That the Clause be read a Second time."

This is not much more than a drafting Amendment. Under the first Sub-section of Section 22 of the Finance Act, 1922, it is recited that

"The Special Commissioners may, whether an assessment to super-tax has been made or not, require any individual who has been required to make a return of his total income for the purposes of super-tax to furnish to them within such time as they may prescribe, not being less than twenty-eight days, such particulars as to the several sources of his income and the amount arising from each source, and as to the nature and the amount of any deductions claimed to be allowed therefrom as they consider necessary."

The words to which I want to draw the attention of the Attorney-General are the last,

"as they consider necessary."

At the time when this Section was added to the Act of 1922 it was generally supposed that it would be used only in special cases where there was good

reason to suppose that evasion was being practised on the part of the taxpayer. We have heard a good deal about this in recent discussions, and I suggest that an opportunity might be taken in the Finance Bill of this year to revert to what was undoubtedly the intention of this Section of the Act of 1922. My information is that this Section has by no means been used only in the way for which it was apparently and professedly designed. I am told that masses of detail information are required by the Special Commissioners, and that not infrequently the taxpayer is required to furnish information which is by no means relevant to his liability to Super-tax. I propose what is really not more than a drafting Amendment, though, I admit, a limiting one.

The ATTORNEY-GENERAL: This new Clause has been moved before in the times of previous Governments, and uniformly rejected. It was brought forward in 1922, when the Clause we were discussing the other day was enacted, and my hon. and learned Friend the Member for the Exchange Division of Liverpool (Sir L. Scott), who represented the Government on that occasion, said that the Clause was a vital one, and that the Amendment would go to the very root and render it most inadequate to check the mistakes as to Super-tax returns which were undoubtedly going on. The Revenue made an estimate of the saving which has been effected by the presence in the 1922 Act of the words as they now stand, and it must amount, as nearly as they can estimate, to about £2,000,000 per annum. My right hon. and learned Friend the Member for the Exchange Division in 1922 gave a number of striking instances of where it had turned out, after someone had died, and the particulars were carefully examined, that for years, returns had been made—possibly by mistake—understating income sometimes to the extent of thousands of pounds per annum. It is impossible for the Commissioners to know beforehand which are the accurate and which the inaccurate returns. All they can do is to ask for particulars in a certain number of cases and, from such information as they are able to obtain, they are able to check, from time to time, the kind of returns which are coming in. It has been suggested that the Com-

missioners are demanding all sorts of particulars on all sorts of topics. If they do so, they are exceeding their existing powers. All they can ask about are the sources of income, the amount from each source and the nature and amount of any deductions. I do not think they ever attempt to ask for such particulars as suggested; certainly they are not entitled to do so under the existing law. It is impossible for the Commissioners safely to accept a limitation of this kind, which would impose on them in the case of anybody refusing to give particulars, the burden of proving in advance that the actual return was wrong, which in the nature of things, they would not be able to do and on those ground, it is no more possible now than it was in 1922, for the Government to ask the Committee to accept this proposal.

MR. DENNIS HERBERT: I am sorry the Government have not seen their way to accept this New Clause and, I regret to say, I have not quite followed the Attorney-General's objection to it. I do not know whether the right hon. and learned Gentleman has got his brief from the opposition offered in previous years to rather different Amendments but I fail to see how there can be any substantial loss to the Revenue by the alteration of the words proposed in the New Clause. The sole point of the proposal is whether the Special Commissioners are themselves to be the sole judges of what is reasonable. If they have endeavoured to obtain information which they consider reasonable but which nobody else considers reasonable, it seems to me they have been exceeding their proper duties, as the Attorney-General said. I do not think the Special Commissioners as a rule wish to exceed their proper duties but if there is the suggestion that this kind of thing has been done, I should have thought the Government and the Special Commissioners would have been only too glad to have the words altered so as to see that they were only required to get such information as might be reasonably necessary, instead of being left as sole judges. I am afraid at this time of night it is not much use pressing the matter, if the Government are determined, but I hope they will consider this sort of thing if the question is raised on a subsequent occasion.

Question "That the Clause be read a Second Time," put, and negatived.

FIRST SCHEDULE.—[*Description of Wine.*]

Captain GARRO-JONES: On a point of Order. May I respectfully draw attention to the fact that the first two Amendments on the Paper to the First Schedule are on the subject of the taxation of alcoholic drink, and ask, with great deference, whether there is any method by which the Committee can reduce the amount of time expended on the discussion of this subject?

The **CHAIRMAN:** That is not a point of Order.

Mr. CAMPBELL: I beg to move in 1, page 40, line 7, at the end to insert the words:

"Exceeding 25 degrees and not exceeding 30 degrees, if in a Customs or Excise warehouse on the twenty-fourth day of April, nineteen hundred and twenty-seven, and delivered for home consumption between the twenty-fourth day of July, nineteen hundred and twenty-seven, and the first day of January, nineteen hundred and twenty-eight."

As I understand the Government are willing to accept this and the following Amendment, I do not propose to make any speech.

Mr. McNEILL: This proposal of my hon. Friend's is one which we think, after consideration, is a reasonable one. When considerable alterations are made in the duty on dutiable articles, and when there are large stocks in bond, there is always a case for exceptional treatment for those stocks. It is quite true we had already made provision to a certain extent for meeting the hardship which might be imposed on the owners of those stocks, but the case of the particular stocks covered by this amendment has not been sufficiently provided for, we think, and I am therefore prepared to accept this Amendment, which, of course, is purely temporary in its operation.

Mr. HARRIS: Can the right hon. Gentleman say how much this concession will cost the revenue, roughly?

Mr. McNEILL: Yes, roughly. I think this Amendment will cover about 1,000,000 gallons of wine, and on that estimate the cost will be about \$150,000.

Question put, "That those words be there inserted."

The Committee divided: Ayes, 151, Noes, 68.

Division No. 250.]

AYES.

[11.39 p.m.]

Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Allen, J. Sandeman (L'pool, W. Darby)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Atkinson, C.
Bainiel, Lord
Beamish, Rear-Admiral T. P. H.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Blundell, F. N.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brittain, Sir Harry
Brocklebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Brown-Lindsay, Major H.
Brown, Col. D. C. (N'th'I'd., Hexham)
Butler, Sir Geoffrey
Campbell, E. T.
Carver, Major W. H.
Cayzer, Maj. Sir Herbt. R. (P'tsmth, S.)
Ceeli, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.
Christie, J. A.
Clayton, G. C.
Cooper, A. Duñ
Cope, Major William
Couper, J. B.
Courtauld, Major J. S.
Craig, Sir Ernest (Chester, Crewe)
Curzon, Captain Viscount
Davies, Dr. Vernon
Ellis, R. G.
England, Colonel A.
Erskine, Lord (Somerset, Weston-s.-M.)
Fairfax, Captain J. G.
Fielden, E. B.
Finburgh, S.
Forrest, W.
Foster, Sir Harry S.
Fraser, Captain Ian
Gadie, Lieut.-Col. Anthony
Ganzoni, Sir John
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Goff, Sir Park
Gower, Sir Robert

Graham, Fergus (Cumberland, N.)
Grant, Sir J. A.
Grattan-Doyle, Sir N.
Greene, W. P. Crawford
Grotrian, H. Brent
Hall, Lieut.-Col. Sir F. (Dulwich)
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Harrison, G. J. C.
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Col. Arthur P.
Hennessy, Major J. R. G.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Hopkins, J. W. W.
Hollick, Lieut.-Colonel J. N.
Hudson, R. S. (Cumberland, White'n)
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Kennedy, A. R. (Preston)
Kindersley, Major G. M.
King, Commodore Henry Douglas
Lamb, J. Q.
Little, Dr. E. Graham
Looker, Herbert William
Lumley, L. R.
MacAndrew, Major Charles Glen
Macdonald, Capt. P. D. (I. of W.)
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Makins, Brigadier-General E.
Manningham-Buller, Sir Mervyn
Margesson, Captain D.
Marriott, Sir J. A. R.
Mason, Lieut.-Col. Glyn K.
Merriman, F. B.
Mitchell, S. (Lanark, Lanark)
Mitchell, Sir W. Lane (Streatham)
Mond, Rt. Hon. Sir Alfred
Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Sir Newton J.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Moore-Brabazon, Lieut.-Col. J. T. C.
Morrison, H. (Wilts, Salisbury)
Morrison-Bell, Sir Arthur Clive
Nail, Colonel Sir Joseph
Newman, Sir R. H. S. D. L. (Exeter)
Nicholson, O. (Westminster)
O'Connor, T. J. (Bedford, Luton)
Oman, Sir Charles William C.

Ormsby-Gore, Rt. Hon. William
Penny, Frederick George
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Perring, Sir William George
Peto, Sir Basil E. (Devon, Barnstaple)
Peto, G. (Somerset, Frome)
Pilcher, G.
Power, Sir John Cecil
Price, Major C. W. M.
Radford, E. A.
Ramsden, E.
Rawson, Sir Cooper
Rees, Sir Beddoe
Remer, J. R.
Roberts, E. H. G. (Filit)
Salmon, Major I.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sandon, Lord
Savery, S. S.
Scott, Rt. Hon. Sir Leslie
Shaw, R. G. (Yorks, W. R., Sowerby)
Shepperson, E. W.
Slaney, Major P. Kenyon
Smithers, Waldron
Steel, Major Samuel Strang
Storry-Deans, R.
Sykes, Major-Gen. Sir Frederick H.
Thompson, Luke (Sunderland)
Tinne, J. A.
Tryon, Rt. Hon. George Clement
Vaughan-Morgan, Col. K. P.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Watson, Rt. Hon. W. (Carlisle)
Watts, Dr. T.
Wells, S. R.
Williams, A. M. (Cornwall, Northern)
Williams, Herbert G. (Reading)
Wilson, R. R. (Stafford, Lichfield)
Windsor-Clive, Lieut.-Colonel George
Wise, Sir Fredric
Womersley, W. J.
Wood, Sir Kingsley (Woolwich W.)
Yerburgh, Major Robert D. T.
Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
Mr. Frederick Thomson and Captain Bowyer.

NOES.

Ammon, Charles George
Atkes, Clement Richard
Batey, Joseph
Brown, Ernest (Leith)
Cape, Thomas
Cluse, W. S.
Compton, Joseph
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Daffon, Hugh
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dawson, R.
Edgar, Sir William
Edwards, C. (Monmouth, Bedwelty)
Garro-Jones, Captain G. M.
Giffert, George M.
Graham, D. M. (Lanark, Hamilton)
Greenwood, A. (Nelson and Colne)
Greenfield, D. B. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)

Harris, Percy A.
Hartshorn, Rt. Hon. Vernon
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield)
Jenkins, W. (Glamorgan, Neath)
Johnston, Thomas (Dundee)
Jones, Morgan (Caerphilly)
Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lee, F.
Lindley, F. W.
Lunn, William
Maclean, Nell (Glasgow, Govan)
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Oliver, George Harold
Pelling, W.

Pethick-Lawrence, F. W.
Potts, John S.
Richardson, R. (Houghton-le-Spring)
Robinson, W. C. (Yorks, W. R., Elland)
Salter, Dr. Alfred
Scurr, John
Shepherd, Arthur Lewis
Smith, Ben (Bermondsey, Rotherhithe)
Snowden, Rt. Hon. Philip
Sutton, J. E.
Taylor, R. A.
Tinker, John Joseph
Varley, Frank B.
Watson, W. M. (Dunfermline)
Welsh, J. C.
Whiteley, W.
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Williams, T. (York, Don Valley)
Windsor, Walter

TELLERS FOR THE NOES.—
Mr. Parkinson and Mr. Barnes.

Mr. CAMPBELL: I beg to move, in page 40, line 8, after the second word "decrees," to insert the words

"and not being wine chargeable under this part of this Schedule with duty at the rate of five shillings per gallon."

Captain GARRO-JONES: I cannot allow this Amendment to be accepted by the Attorney-General, without one word of protest. On the last Amendment, as the result of an arrangement between the right hon. Gentleman and the hon. Member for Camberwell, North West, no less a sum than £150,000 of the taxpayers' money was sacrificed, without two minutes of explanation being offered as to why it was necessary. Those of us who have been listening to the plea for economy on all subjects—tea, tobacco, sugar, even the question of having a light in the clock tower to inform Members when a Division is in progress, because money could not be found, but it was possible, by a few minutes consultation, for the hon. Member for Camberwell, North West, to squeeze £150,000 out of the Treasury, to be put into the pockets of the vested drink interest. Now, we find another Amendment with the same object. The hon. Member simply says: "I beg to move," and the Attorney-General was going to accept it, without the Committee being informed how much it involves.

The CHAIRMAN: I would point out to the hon. and gallant Member that this Amendment is simply consequential upon the last. The Schedule would be nonsense without this consequential Amendment.

Captain GARRO-JONES: Does it mean that if an Amendment is consequential we are debarred from arguing the merits of it in any shape or form?

The CHAIRMAN: I was trying to assist the hon. and gallant Member.

Captain GARRO-JONES: What justification was there for the previous Amendment or for this consequential Amendment? How is it that the Government have been able to find this money for the vested drink interest? During the whole day we have been discussing Amendments—there are four pages of them—which consist of mass attacks by

Conservative Members and the Conservative Government upon the taxpayers' money, in order that they may get votes from their constituencies.

The CHAIRMAN: The hon. and gallant Member is out of Order.

Captain GARRO-JONES: We ought to be told how it has been found possible to find £150,000 for this purpose when it has been found impossible to find money for far worthier objects.

Mr. McNEILL: The hon. and gallant Member appears to complain of my right hon. and learned Friend, the Attorney-General, for not having risen to explain this Amendment when it was called. My right hon. and learned Friend did the hon. and gallant Member the compliment of thinking that he would be able to see for himself that the Amendment was purely consequential. That apparently was giving him credit for more intelligence than was justified. I have already stated why the Government accepted the previous Amendment, and I think that explanation did not lack clarity. The reason was because we thought a good and just case had been made out on behalf of the owners of property who were prejudiced by the method adopted in connection with the duty. As far as the Amendment now before the Committee is concerned, the Chairman has explained to the hon. and gallant Member, and perhaps I may be allowed to repeat it, that it is purely consequential, and therefore, while not strictly out of order to oppose it, at all events it would render nugatory what has already been decided on by the Committee.

Mr. E. BROWN: I think the Committee will agree that the right hon. Gentleman has been a little hard on my hon. and gallant Friend, because we observed the tremendous fight which the right hon. Gentleman put up against the hon. Member for West Leicester (Mr. Pethick-Lawrence) when he was considering a question which interested the consumers of the pottery in this country. [Laughter.] Hon. Members may smile, but if they were housewives they would understand that pottery represents a considerable item in the annual budget of the housekeeper.

The CHAIRMAN: If the hon. Member will look at the Amendment, he will see that unless something of the kind is passed the wording of the Schedule would be contradictory; that is, of course, unless he can find some argument to show that these words ought not to be put in.

Mr. BROWN: With your permission, Mr. Hope, that is what I propose to do. I was replying to that right hon. Gentleman who said that he was making this particular concession because certain people had suffered because their property was held up, and I think I am entitled to use against him the argument he used in a contrary sense against the hon. Member for West Leicester who was arguing that owners of property—

The CHAIRMAN: It might have been in order to advance that argument before the last Division, but it is not in order now.

Mr. CRAWFORD: I am afraid that the diversion from the main argument which has just occurred has caused the Committee to lose sight of the reason for the original discussion. I have been following the Order Paper, Clause by Clause, and I also could not see at once—and I think there were a good many hon. Members who were not able to see at once—that this was a consequential Amendment. The right hon. Gentleman may secure a few easy cheers from his own followers by making this kind of attack on my colleague, but I think that the merest courtesy and the simple use, on the part of the hon. Member who moved the Amendment and of the right hon. Gentleman who accepted it, of the phrase “which is consequential on the last Amendment” would have removed all doubt.

Question put, “That those words be there inserted.”

The Committee divided: Ayes, 146; Noes, 65.

Division No. 251.]

AYES.

[11.55 p.m.]

Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Allen, J. Sandeman (L'pool, W. Derby)
Appin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Atkinson, C.
Bainiel, Lord
Beamish, Rear-Admiral T. P. H.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Blundell, F. N.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brittain, Sir Harry
Brookbank, C. E. R.
Brooke, Brigadier-General C. R. I.
Brun-Lindsay, Major H.
Brown, Col. D. C. (N'th'd., Hexham)
Bryce, Sir Geoffrey
Campbell, E. T.
Carver, Major W. H.
Cayzer, Maj. Sir Herbt. R. (Prtsmth, S.)
Cecil, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.
Christie, J. A.
Clayton, G. C.
Cooper, A. Duff
Cope, Major William
Cooper, J. R.
Courtland, Major J. S.
Craig, Sir Ernest (Chester, Crows)
Crompton, Captain Viscount
Cryer, Dr. Vernon
Elliott, R. G.
England, Colonel A.
Erskine, Lord (Somerset, Weston-a-M.)
Fairfax, Captain J. G.
Fielden, E. B.
Finburgh, S.
Forrest, W.
Foster, Sir Harry S.
Fraser, Captain Ian

Gadley, Lieut.-Col. Anthony
Ganzoni, Sir John
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Goff, Sir Park
Grant, Sir J. A.
Greene, W. P. Crawford
Grotrian, H. Brent
Hall, Lieut.-Col. Sir F. (Dulwich)
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Harrison, G. J. C.
Henderson, Lt.-Col. Sir V. L. (Bootle)
Heneage, Lieut.-Col. Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Hopkins, J. W. W.
Horlick, Lieut.-Colonel J. N.
Hudson, R. S. (Cumberl'nd, Whiteh'n)
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Kennedy, A. R. (Preston)
Kindersley, Major G. M.
King, Commodore Henry Douglas
Lamb, J. Q.
Little, Dr. E. Graham
Locker, Herbert William
Lumley, L. R.
MacAndrew, Major Charles Glen
McNeill, Rt. Hon. Ronald John
Macquisten, F. A.
Makins, Brigadier-General E.
Manningham-Buller, Sir Mervyn
Margessen, Captain D.
Marriott, Sir J. A. R.
Mason, Lieut.-Col. Glyn K.
Merriman, F. B.
Mitchell, S. (Lanark, Lanark)
Mitchell, Sir W. Lane (Streatham)
Mond, Rt. Hon. Sir Alfred
Monsell, Eyles, Com. Rt. Hon. B. M.

Moore, Sir Newton J.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Moore-Brabazon, Lieut.-Col. J. T. C.
Morrison, H. (Wilts, Salisbury)
Morrison-Bell, Sir Arthur Clive
Nall, Colonel Sir Joseph
Newman, Sir R. H. S. D. L. (Exeter)
Nicholson, O. (Westminster)
O'Connor, T. J. (Bedford, Luton)
Ormsby-Gore, Rt. Hon. William
Penny, Frederick George
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Perring, Sir William George
Peto, Sir Basil E. (Devon, Barnstaple)
Peto, G. (Somerset, Frome)
Pilscher, G.
Power, Sir John Cecil
Price, Major C. W. M.
Radford, E. A.
Ramsden, E.
Rawson, Sir Cooper
Rees, Sir Beddoe
Remar, J. R.
Roberts, E. H. G. (Flint)
Salmon, Major I.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sandon, Lord
Savery, S. S.
Scott, Rt. Hon. Sir Leslie
Shaw, R. G. (Yorks, W.R., Sowerby)
Shepperson, E. W.
Slaney, Major P. Kenyon
Smithers, Waldron
Steel, Major Samuel Strang
Storry-Deans, R.
Sykes, Major-Gen. Sir Frederick H.
Thompson, Luke (Sunderland)
Tinne, J. A.
Tryon, Rt. Hon. George Clement
Vaughan-Morgan, Col. K. P.
Ward, Lt.-Col. A. L. (Kingston-on-Hull)
Warner, Brigadier-General W. W.
Watson, Rt. Hon. W. (Carlisle)

Watts, Dr. T.
Webb, Rt. Hon. Sidney
Williams, A. M. (Cornwall, Northern)
Williams, Herbert G. (Reading)
Wilson, R. R. (Stafford, Lichfield)

Windsor-Clive, Lieut.-Colonel George
Wise, Sir Fredric
Womersley, W. J.
Wood, Sir Kingsley (Woolwich W.)
Yerburgh, Major Robert D. T.

TELLERS FOR THE AYES—
Mr. Frederick Thomson and Captain
Bowyer.

NOES.

Ammon, Charles George
Attlee, Clement Richard
Barnes, A.
Batey, Joseph
Brown, Ernest (Leith)
Cape, Thomas
Compton, Joseph
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Edge, Sir William
Garro-Jones, Captain G. M.
Gillett, George M.
Graham, D. M. (Lanark, Hamilton)
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Groves, T.
Grundy, T. W.
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Harris, Percy A.

Hartshorn, Rt. Hon. Vernon
Hayday, Arthur
Hayes, John Henry
Henderson, Rt. Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hirst, G. H.
Hirst, W. (Bradford, South)
Hudson, J. H. (Huddersfield).
Jenkins, W. (Glamorgan, Neath)
Johnston, Thomas (Dundee)
Jones, Morgan (Caerphilly)
Kelly, W. T.
Kennedy, T.
Kirkwood, D.
Lee, F.
Lindley, F. W.
Lunn, William
Maclean, Neil (Glasgow, Govan)
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Oliver, George Harold
Paling, W.

Parkinson, John Allen (Wigan)
Pethick-Lawrence, F. W.
Potts, John S.
Richardson, R. (Houghton-le-Spring)
Salter, Dr. Alfred
Scurr, John
Shepherd, Arthur Lewis
Simon, Rt. Hon. Sir John
Smith, Ben (Bermondsey, Rotherhithe)
Sutton, J. E.
Taylor, R. A.
Tinker, John Joseph
Varley, Frank B.
Watson, W. M. (Dunfermline)
Welsh, J. C.
Williams, David (Swansea, East)
Williams, Dr. J. H. (Llanelli)
Williams, T. (York, Don Valley)
Windsor, Walter

TELLERS FOR THE NOES.—
Mr. Charles Edwards and Mr.
Whiteley.

Motion made, and Question proposed,
“That the Schedule, as amended, be the
First Schedule to the Bill.”

The CHAIRMAN: It is the First
Schedule.

Question put.

Mr. E. BROWN: Do I take it that you
are putting the Schedule which includes
matches?

The Committee divided: Ayes, 132;
Noes, 56.

Division No. 252.]

AYES.

[12.4 a.m.]

Agg-Gardner, Rt. Hon. Sir James T.
Alexander, E. E. (Leyton)
Allen, J. Sandeman (L'pool, W. Derby)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Atkinson, C.
Bainiel, Lord
Beamish, Rear-Admiral T. P. H.
Benn, Sir A. S. (Plymouth, Drake)
Bennett, A. J.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brocklebank, C. E. R.
Brooke, Brigadier-General C. R. J.
Brown-Lindsay, Major H.
Brown, Col. D. C. (N'th'ld, Hexham)
Butler, Sir Geoffrey
Campbell, E. T.
Carver, Major W. H.
Cayzer, Maj. Sir Herbt. R. (Prtsmth, S.)
Cecil, Rt. Hon. Sir Evelyn (Aston)
Chadwick, Sir Robert Burton
Christie, J. A.
Clayton, G. C.
Cooper, A. Duff
Cope, Major William
Couper, J. B.
Courtauld, Major J. S.
Craig, Sir Ernest (Chester, Crewe)
Curzon, Captain Viscount
England, Colonel A.
Erskine, Lord (Somerset, Weston-s-M.)
Fairfax, Captain J. G.
Fielden, E. B.
Forrest, W.
Fraser, Captain Ian
Gadie, Lieut.-Col. Anthony

Ganzoni, Sir John
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Goff, Sir Park
Grant, Sir J. A.
Greene, W. P. Crawford
Grotrian, H. Brent
Hall, Lieut.-Col. Sir F. (Dulwich)
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Harrison, G. J. C.
Heneage, Lieut.-Col. Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Horlick, Lieut.-Colonel J. N.
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Kennedy, A. R. (Preston)
Kindersley, Major Guy M.
King, Commodore Henry Douglas
Lamb, J. Q.
Little, Dr. E. Graham
Looker, Herbert William
Lumley, L. R.
MacAndrew, Major Charles Glen
Macdonald, Capt. P. D. (I. of W.)
McNeill, Rt. Hon. Ronald John
Makins, Brigadier-General E.
Manningham-Buller, Sir Mervyn
Marriott, Sir J. A. R.
Mason, Lieut.-Col. Glyn K.
Merriman, F. B.
Mitchell, S. (Lanark, Lanark)
Mond, Rt. Hon. Sir Alfred

Monsell, Eyres, Com. Rt. Hon. B. M.
Moore, Sir Newton J.
Moore, Lieut.-Colonel T. C. R. (Ayr)
Moore-Brabazon, Lieut.-Col. J. T. C.
Morrison, H. (Wilts, Salisbury)
Morrison-Bell, Sir Arthur Clive
Nall, Colonel Sir Joseph
Newman, Sir R. H. S. D. L. (Exeter)
Nicholson, O. (Westminster)
O'Connor, T. J. (Bedford, Luton)
Ormsby-Gore, Rt. Hon. William
Penny, Frederick George
Percy, Lord Eustace (Hastings)
Perkins, Colonel E. K.
Peto, Sir Basil E. (Devon, Barnstaple)
Peto, G. (Somerset, Frome)
Pilcher, G.
Power, Sir John Cecil
Radford, E. A.
Ramsden, E.
Rawson, Sir Cooper
Rees, Sir Beddoe
Remer, J. R.
Roberts, E. H. G. (Fllnt)
Salmon, Major I.
Samuel, Samuel (W'dsworth, Putney)
Sandeman, N. Stewart
Sandon, Lord
Savery, S. S.
Scott, Rt. Hon. Sir Leslie
Shaw, R. G. (Yorks, W. R., Sowerby)
Shepperson, E. W.
Slaney, Major P. Kenyon
Smithers, Waldron
Steel, Major Samuel Strang
Storry-Deans, R.
Sykes, Major-Gen. Sir Frederick H.
Thompson, Luke (Sunderland)

Thomson, F. C. (Aberdeen, South)
 Tinné, J. A.
 Tryon, Rt. Hon. George Clement
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.

Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Wolmer, Viscount

Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.).
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Captain Margesson and Captain
 Bowyer.

NOES.

Atlee, Clement Richard
 Batey, Joseph
 Brown, Ernest (Leith)
 Cape, Thomas
 Compton, Joseph
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Edge, Sir William
 Edwards, C. (Monmouth, Bedwellty)
 Garro-Jones, Captain G. M.
 Graham, D. M. (Lanark, Hamilton)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Grundy, T. W.
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Harris, Percy A.

Hartshorn, Rt. Hon. Vernon
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 Johnston, Thomas (Dundee)
 Kelly, W. T.
 Kennedy, T.
 Kirkwood, D.
 Lee, F.
 Lindley, F. W.
 Lunn, William
 Maclean, Neil (Glasgow, Govan)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.

Oliver, George Harold
 Palling, W.
 Pethick-Lawrence, F. W.
 Potts, John S.
 Richardson, R. (Houghton-le-Spring)
 Shepherd, Arthur Lewis
 Simon, Rt. Hon. Sir John
 Smith, Ben (Bermondsey, Rotherhithe)
 Sutton, J. E.
 Tinker, John Joseph
 Varley, Frank B.
 Watson, W. M. (Dunfermline)
 Welsh, J. C.
 Whiteley, W.
 Williams, T. (York, Don Valley)
 Windsor, Walter

TELLERS FOR THE NOES.—
 Mr. Parkinson and Mr. Barnes.

SECOND SCHEDULE.—[Tobacco.]

Motion made, and Question put, "That
 this be the Second Schedule to the Bill."

The Committee divided: Ayes, 134;

Noes, 56.

Division No. 253.]

AYES.

[12.11 a.m.]

Agg-Gardner, Rt. Hon. Sir James T.
 Albery, Irving James
 Alexander, E. E. (Leyton)
 Allen, J. Sandeman (L'pool, W. Derby)
 Applin, Colonel R. V. K.
 Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
 Astor, Maj. Hn. John J. (Kent, Dover)
 Atkinson, C.
 Balmiel, Lord
 Beamish Rear-Admiral T. P. H.
 Benn, Sir A. S. (Plymouth, Drake)
 Bennett, A. J.
 Bourne, Captain Robert Croft
 Bryce, Richard George
 Brittain, Sir Harry
 Brookbank, C. E. R.
 Brooks, Brigadier-General C. R. I.
 Brown-Lindsay, Major H.
 Brown, Col. D. C. (N'th'I'd., Hexham)
 Butler, Sir Geoffrey
 Campbell, E. T.
 Carver, Major W. H.
 Cayzer, Maj. Sir Herbert R. (Pritsmth.S.)
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Christie, J. A.
 Clayton, G. C.
 Cooper, A. Duff
 Cosper, J. B.
 Courtlauld, Major J. S.
 Craig, Sir Ernest (Chester, Crewe)
 Carson, Captain Viscount
 England, Colonel A.
 Erskine, Lord (Somerset, Weston-a-M.)
 Fairfax, Captain J. G.
 Fiebert, E. B.
 Forrest, W.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Gaxow, Sir John
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmore, Lt.-Col. Rt. Hon. Sir John

Goff, Sir Park
 Grant, Sir J. A.
 Greene, W. P. Crawford
 Grotrian, H. Brent
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Horlick, Lieut.-Colonel J. N.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Kennedy, A. R. (Preston)
 Kindersley, Major Guy M.
 King, Commodore Henry Douglas
 Lamb, J. O.
 Little, Dr. E. Graham
 Locker, Herbert William
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, Capt. P. D. (I. of W.)
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Mason, Lieut.-Col. Glyn K.
 Merriman, F. B.
 Mitchell, S. (Lanark, Lanark)
 Mond, Rt. Hon. Sir Alfred
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Sir Newton J.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore-Brabazon, Lieut.-Col. J. T. C.
 Morrison, H. (Wilts, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Nall, Colonel Sir Joseph
 Newman, Sir R. H. S. D. L. (Exeter)

Nicholson, O. (Westminster)
 O'Connor, T. J. (Bedford, Luton)
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Peto, Sir Basil E. (Devon, Barnstaple)
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Power, Sir John Cecil
 Radford, E. A.
 Ramsden, E.
 Rawson, Sir Cooper
 Rees, Sir Beddoe
 Remer, J. R.
 Roberts, E. H. G. (Flint)
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sandon, Lord
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shepperson, E. W.
 Slaney, Major P. Kenyon
 Smithers, Waldron
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Sykes, Major-Gen. Sir Frederick H.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinné, J. A.
 Tryon, Rt. Hon. George Clement
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George

Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J

Wood, Sir Kingsley (Woolwich, W.)
 Yerburgh, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Major Cope and Captain Bowyer.

NOES.

Attlee, Clement Richard
 Barnes, A.
 Batey, Joseph
 Brown, Ernest (Leith)
 Cape, Thomas
 Compton, Joseph
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Edge, Sir William
 Garro-Jones, Captain G. M.
 Graham, D. M. (Lanark, Hamilton)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Grundy, T. W.
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Harris, Percy A.

Hartshorn, Rt. Hon. Vernon
 Hayday, Arthur
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 Johnston, Thomas (Dundee)
 Kelly, W. T.
 Kennedy, T.
 Kirkwood, D.
 Lee, F.
 Lindley, F. W.
 Lunn, William
 Maclean, Nell (Glasgow, Govan)
 Mosley, Oswald
 Murnin, H.
 Naylor, T. E.
 Oliver, George Harold

Paling, W.
 Parkinson, John Allen (Wigan)
 Pethick-Lawrence, F. W.
 Potts, John S.
 Richardson, R. (Houghton-le-Spring)
 Shepherd, Arthur Lewis
 Simon, Rt. Hon. Sir John
 Smith, Ben (Bermondsey, Rotherhithe)
 Sutton, J. E.
 Tinker, John Joseph
 Varley, Frank B.
 Watson, W. M. (Dunfermline)
 Welsh, J. C.
 Whiteley, W.
 Williams, T. (York, Don Valley)
 Windsor, Walter

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr.
 Hayes.

THIRD SCHEDULE.—(Matches.)

Sir J. POWER: I beg to move, in page 42, line 19, to leave out "6s. 0d." and to insert instead thereof "4s. 6d."

Since 1919 the importation of matches has very nearly doubled and the production of British matches has steadily diminished until to-day they are only two-thirds of what they were then. These figures, I think, must give a certain amount of concern to anyone. Whether my Amendment will remedy this state of affairs remains to be seen and there may be different opinions about the matter, but whatever opinion may be as to the method proposed, there can be no difference of opinion as to the seriousness of the position of the match industry. The figures speak for themselves. The only question is whether we are content to leave the industry in the condition in which it is at present. Certain developments which have taken place in the last few days must have given concern to everyone, because they are an attempt on the part of the British match industry to cut down expenses in advertising and in other directions so as to enable themselves to live. This Amendment would, of course, give a measure of protection to the industry, thereby giving more employment to our people, perhaps at the expense of the foreigner.

Mr. McNEILL: I noticed the satisfaction it gave to the Committee when the hon. Gentleman said the figures spoke for themselves.

I will say as little as possible on the subject. I understood my hon. Friend to make a criticism of the figures in the Schedule on account of the effect on the match industry. All that I want to do is to read a letter which may be of some satisfaction to hon. Members opposite as well as to hon. Members on this side of the Committee, because I remember when we debated the Match Duty at a former stage questions were asked as to how far in the arrangements that had been made with the match industry the parties had been consulted and to what extent they were satisfied. I am able to give some later information on that subject, because my right hon. Friend the Chancellor of the Exchequer has received a letter signed by the Vice-Chairman and the Hon. Secretary of the Joint Industrial Council of the Match Manufacturing Industry. I will read the substance of the letter:

"At the meeting of the Joint Industrial Council of the Match Manufacturing Industry held on Thursday, 21st April, 1927, it was proposed by Mr. T. W. Hoare (National Union of General and Municipal Workers, London), seconded by Mr. T. Williamson (National Union of General and Municipal Workers, Liverpool), supported by Mr. A. E. Ellery (Workers' Union, Gloucester) and carried unanimously:—

'That this Council has noted with gratification the proposals of the Chancellor of the Exchequer with regard to the method of computing the Match Duties, which should operate more fairly to the British manufacturer (and to the consuming public), and should check the serious decline in employment in the industry.'"

[Mr. McNeill.]

I think that is satisfactory in showing that in the view of both parties to the Joint Industrial Council the changes are likely, at all events, to be of benefit to the public and the trade.

Mr. E. BROWN: The Committee know that I have taken some little part in the discussion on the Match Duty, and I would like to refer to the question I put to the right hon. Gentleman on a previous occasion. The question I put to him with regard to the bringing forward of this new suggestion for a change in duty operating under the Schedule was, as to what firms were in consultation with the Treasury, and what the effect would be? The answer was to the effect that the relations were confidential, and no firm could be mentioned, and that the effect would be in favour of the consumer. I would like to ask the right hon. Gentleman if he is aware that since the previous debates on this question there has been an announcement in the Press that one of the leading match firms—Messrs. Bryant & May—has made an arrangement with the Swedish Match Combine with the result that the figures have spoken for themselves very loudly on the tape in this House and on the markets? I should also like to ask whether he still thinks, after what has happened during the last few days, the arrangement regarding the Match Duty, was undertaken in order to protect the British Manufacturer against the foreigner, and in order to give an advantage to the consumer, or whether the Treasury had not better go further into the details? Can he give us any information as to what the arrangement is between the Swedish Company and Messrs. Bryant & May, because we understood in previous debates the enemy was the Swedish Combine. [An Hon. Member: "No."] I beg the hon. Member's pardon. I raised this question, and we were distinctly told in the debates that the foreign companies, including the Swedish companies, were the enemies of the British manufacturer, and that this was being done in order to protect the consumer against manipulation by the foreign firms. I still feel very suspicious that this is a combination of the manufacturers with the Treasury to raise the duty against the public, and to extract more taxation from the consumers of

matches, and I would like the right hon. Gentleman to give the Committee some explanation.

The CHAIRMAN: This is an Amendment to reduce the Excise Duty.

Mr. BROWN: I clearly understand that, but the Financial Secretary raised the general question by reading the letter from the Joint Industrial Council.

The CHAIRMAN: No. The point the Financial Secretary made was that the match trade was doing very nicely, and therefore the Amendment was unnecessary.

Mr. BROWN: The point I was making is germane to the Amendment; perhaps I am not expressing myself quite as clearly as I should. My point is, that this arrangement was made for the purpose of protecting the manufacturers against foreign competition, and now we are informed that the largest firm in this country has made an arrangement with these very foreigners, and this Committee is entitled to know the terms of that arrangement. We are concerned with what the Treasury have to say about the arrangement with the British manufacturers. I want to protect the British consumer against trickery by the foreign manufacturer.

Mr. HAYDAY: I am a little concerned about the letter which the Financial Secretary has read. I am one of the officials of one of the organisations represented on the Joint Industrial Council, and I should like the right hon. Gentleman to tell us the nature of the inquiry by the Chancellor of the Exchequer which led to that letter being written. It is not an endorsement of this duty, but only an appreciation of some new method, and I should like to know the nature of the inquiry which led to the writing of the letter and the circumstances which surrounded the occasion.

Mr. McNEILL: The only reason I read the letter was because an hon. Member opposite inquired on a former occasion whether the operatives in the trade were consulted or only the employers, and my right hon. Friend the Chancellor of the Exchequer was not able to give an answer. As far as I am aware, although I will not absolutely pledge myself, no inquiry was addressed by the Treasury or

the Chancellor of the Exchequer to the Joint Industrial Council, but it is possible that the question to which I have referred may have been noticed, and as a consequence the letter was written. I will read the covering letter:—

“Dear Sir,

Please note attached copy of resolution unanimously approved by the Joint Industrial Council of the Match Manufacturing Industry at its meeting held on Thursday, 21st April, 1927. It was the desire of the Council that you should be furnished with a copy of same, and I have pleasure in enclosing one herewith.”

Mr. KELLY: What is the date of that letter?

Mr. McNEILL: The 27th April; and it is signed: “A. E. Seabury, Vice-Chairman.”

Mr. HAYDAY: Since this question was raised a few days ago communications have passed, and that Resolution has only just come to hand. If hon. Members will read the OFFICIAL REPORT tomorrow they will see that the Financial Secretary says that at the time the Question was put the Chancellor of the Exchequer could not answer it. Since then the information has come to hand. It would appear in the face of it as though that information had only come to hand since the previous discussion.

Mr. McNEILL: With regard to the point raised by the hon. Member for Leith (Mr. E. Brown), I am afraid that I cannot answer the question he has put to me, because I was not aware of the arrangement of which he has spoken.

The CHAIRMAN: I do not quite see what this has to do with the lowering of the Excise Duty.

Mr. H. WILLIAMS: I am very sorry, like the rest of the Committee, that this important discussion should not come on so late when those who speak feel under an obligation to speak as briefly as possible. I recognise to the full, the advantage to the industry that has come

through the change in the system of taxation. Before the change, the tax was so much per 10,000 matches. Foreigners were in the habit of packing 30 to 45 matches in a box, while the British manufacturers packed 50 matches in a box. Let me give an example of the effect of the change, which will show that it has not been adequate. On a basis of 40 matches per box, in the case of foreign safety matches, the duty works out at .248 of one penny per box. In the case of the British matches, which are packed 50 to a box, the duty works out at .3 of a penny. So that the British matches are, in fact, being taxed more highly than the foreign matches. That is one of the reasons why you are offered foreign matches if you go into a shop and put a penny on the counter. The result of the change in the system of taxation is that, since the duty is to be so much per 144 boxes of matches, matches will be taxed at the same rate whether they are British or foreign. So I do not think the change goes far enough having regard to the fact that in Belgium, where girls are employed in packing, the wages paid are about 40 per cent. of those paid in this country. I regret very much that the hon. Member for Bow and Bromley (Mr. Lansbury) is not here, because he realises, I know, the seriousness of the situation. I will now put my last point. When I point out to the Committee that the importation and consumption of foreign matches in this country is twice as much as it was six years ago and the consumption of British made matches has dropped to less than two-thirds of what it was, we see an industry suffering a very severe blow, and I think we ought to do something to protect the wage rates of our own people.

Amendment negatived.

Motion made, and question put, “That this be the Third Schedule to the Bill.”

The Committee divided: Ayes 130: Noes 51.

Division No. 254.]

AYES.

[12.36 p.m.]

Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Allen, J. Sandeman (L'pool, W. Derby)
Appin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Bainiel, Lord

Beamish, Rear-Admiral T. P. H.
Bennett, A. J.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brittain, Sir Harry
Brooklebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Broun-Lindsay, Major H.

Brown, Col. D. C. (N'th'I'd., Hexham)
Butler, Sir Geoffrey
Campbell, E. T.
Carver, Major W. H.
Cayzer, Maj. Sir Herbert R. (Preston, S.)
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.
Christie, J. A.

Clayton, G. C.
 Cooper, A. Duff
 Cope, Major William
 Couper, J. B.
 Courtlaud, Major J. S.
 Craig, Sir Ernest (Chester, Crewe)
 Curzon, Captain Viscount
 England, Colonel A.
 Fairfax, Captain J. G.
 Fielden, E. B.
 Forrest, W.
 Fraser, Captain Ian
 Gadie, Lieut.-Col. Anthony
 Ganzoni, Sir John
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Gilmour, Lt.-Col. Rt. Hon. Sir John
 Goff, Sir Park
 Grant, Sir J. A.
 Greene, W. P. Crawford
 Grobian, H. Brent
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Heneage, Lieut.-Colonel Arthur P.
 Hennessy, Major Sir G. R. J.
 Herbert, Dennis (Hertford, Watford)
 Hills, Major John Waller
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Horlick, Lieut.-Colonel J. N.
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Kennedy, A. R. (Preston)
 Kindersley, Major Guy M.

King, Commodore Henry Douglas
 Lamb, J. Q.
 Little, Dr. E. Graham
 Looker, Herbert William
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, Capt. P. D. (I. of W.)
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.
 Merriman, F. B.
 Mitchell, S. (Lanark, Lanark)
 Mond, Rt. Hon. Sir Alfred
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Moore-Brabazon, Lieut.-Col. J. T. C.
 Morrison, H. (Wilts, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Nall, Colonel Sir Joseph
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, O. (Westminster)
 O'Connor, T. J. (Bedford, Luton)
 Ormsby-Gore, Rt. Hon. William
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Peto, Sir Basil E. (Devon, Barnstaple)
 Peto, G. (Somerset, Frome)
 Pitcher, G.
 Power, Sir John Cecil
 Radford, E. A.
 Ramsden, E.
 Rawson, Sir Cooper
 Rees, Sir Beddoe

Remer, J. R.
 Roberts, E. H. G. (Flint)
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sandon, Lord
 Savery, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, R. G. (Yorks, W R., Sowerby)
 Shepperson, E. W.
 Slaney, Major P. Kenyon
 Smithers, Waldron
 Steel, Major Samuel Strang
 Storry-Deans, R.
 Sykes, Major-Gen. Sir Frederick H.
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Tinne, J. A.
 Tryon, Rt. Hon. George Clement
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.)
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Captain Bowyer and Mr. Penny.

NOES.

Attlee, Clement Richard
 Barnes, A.
 Batey, Joseph
 Brown, Ernest (Leith)
 Compton, Joseph
 Cowan, D. M. (Scottish Universities)
 Crawford, H. E.
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Edge, Sir William
 Edwards, C. (Monmouth, Bedwellty)
 Garro-Jones, Captain G. M.
 Graham, D. M. (Lanark, Hamilton)
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Grundy, T. W.
 Hall, G. H. (Merthyr Tydvil)

Hamilton, Sir R. (Orkney & Shetland)
 Harris, Percy A.
 Hartshorn, Rt. Hon. Vernon
 Hayday, Arthur
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)
 Hirst, G. H.
 Hirst, W. (Bradford, South)
 Hudson, J. H. (Huddersfield)
 Jenkins, W. (Glamorgan, Neath)
 Johnston, Thomas (Dundee)
 Kelly, W. T.
 Kennedy, T.
 Kirkwood, D.
 Lindley, F. W.
 Lunn, William
 Murnin, H.
 Naylor, T. E.

Oliver, George Harold
 Palling, W.
 Parkinson, John Allen (Wigan)
 Potts, John S.
 Shepherd, Arthur Lewis
 Simon, Rt. Hon. Sir John
 Sutton, J. E.
 Taylor, R. A.
 Tinker, John Joseph
 Varley, Frank B.
 Watson, W. M. (Dunfermline)
 Welsh, J. C.
 Whiteley, W.
 Williams, T. (York, Don Valley)
 Windsor, Walter

TELLERS FOR THE NOES.—
 Mr. Hayes and Mr. B. Smith.

FOURTH SCHEDULE.—[*Amended Rates of Duty in the case of certain mechanically propelled vehicles.*]

Captain BOURNE: I beg to move, in page 42, line 38, after the word "person," to insert the words "owning agricultural land or".

The object of this Amendment is to cover the case where the landlord agrees to cultivate with his tractor land belonging to his tenant. It is not intended to cover haulage. In such cases it is customary for the landlord to pay the expenses of running the tractor, and to

charge his tenant such expenses which, I believe, technically constitutes hiring, and I hope the Minister will consider this aspect of the case.

The **MINISTER of TRANSPORT (Colonel Ashley):** I did not appreciate exactly what my hon. and gallant Friend wished, but now that he has explained his Amendment, I will see if the point can be met.

Captain BOURNE: That being the case I beg to ask leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

Mr. SMITHERS: I beg to move, in page 43, line 3, at the end, to insert the words

“For the purposes of this Schedule the expression ‘person engaged in agriculture’ shall include nurseryman.”

I can assure hon. Members that I am moving my Amendment in the interest of agricultural labourers. The object is to ensure that all people engaged in agriculture, such as nurserymen and market gardeners, shall receive the benefit of the amended rates of duty in this Schedule. Around London and other big cities you have many people engaged in agriculture who produce vegetables and new potatoes. Many of these nursery market gardeners have as many as ten or twelve acres of glass in order to produce early vegetables to compete with the similar kind of market produce that comes in from abroad, and some have found difficulty with the local authorities in getting the benefit of these amended duties. It is for that reason, as they are producing food and are doing their best under difficult circumstances to compete with the foreigner, that I ask the Government to say what their views are on this Amendment.

Colonel ASHLEY: This Schedule definitely lays down who should get the reduced rates, and, if the Committee will consult the Schedule, they will see very definitely to whom it applies. Obviously, I could not accept the Amendment, because if you accept the word “nurseryman,” which includes people who provide seeds, you will at once depart from the definition as to an occupying tenant or

owner of the land. Also, if you include “nurseryman” you will have to include agricultural implement makers, or anyone who supplies articles to agriculturists. But what my hon. Friend has in mind is really market gardeners. Although there has been no legal definition, market gardeners have always got the benefit of this concession as being agriculturists, and I cannot help thinking that there is some misapprehension on the part of my hon. Friend. If I can do anything to assist, I will do so, but in my opinion they are entitled to this exemption. I will consider the matter before the Report Stage.

Mr. SMITHERS: In view of the expression of opinion by the Minister, I beg to ask leave to withdraw the Amendment.

Amendment, by leave, withdrawn.

The DEPUTY CHAIRMAN: The next Amendment in the name of the hon. Member for Hillsborough (Mr. A. V. Alexander)—in page 43, line 10, at the end, to insert the words

“After the words ‘whether in the course of trade or otherwise,’ there shall be inserted the words ‘other than vehicles kept by a local authority and used in the performance of their duties relating to the removal of refuse and the cleansing, watering, and repairing of streets.’”

—would impose a higher rate of duty and is, therefore, out of order.

Motion made and Question put, “That this be the Fourth Schedule to the Bill.”

The Committee divided: Ayes, 127; Noes, 43.

Division No. 255.]

AYES.

[12.48 a.m.]

Agg-Gardner, Rt. Hon. Sir James T.
Albery, Irving James
Alexander, E. E. (Leyton)
Applin, Colonel R. V. K.
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astor, Maj. Hn. John J. (Kent, Dover)
Bainiel, Lord
Beamish, Rear-Admiral T. P. H.
Bennett, A. J.
Bourne, Captain Robert Croft
Briscoe, Richard George
Brittain, Sir Harry
Brocklebank, C. E. R.
Brooke, Brigadier-General C. R. I.
Broun-Lindsay, Major H.
Brown, Col. D. C. (N'th'I'd., Hexham)
Brown, Ernest (Leith)
Butler, Sir Geoffrey
Campbell, E. T.
Carver, Major W. H.
Cayzer, Maj. Sir Herbt. R. (Prtsmth.S.)
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.

Christie, J. A.
Clayton, G. C.
Cooper, A. Duff
Cope, Major William
Couper, J. B.
Courtauld, Major J. S.
Cowan, D. M. (Scottish Universities)
Craig, Sir Ernest (Chester, Crewe)
Curzon, Captain Viscount
Eden, Captain Anthony
Edge, Sir William
England, Colonel A.
Fairfax, Captain J. G.
Fielden, E. B.
Forrest, W.
Fraser, Captain Ian
Gadie, Lieut.-Col. Anthony
Ganzoni, Sir John
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Gilmour, Lt.-Col. Rt. Hon. Sir John
Goff, Sir Park
Grant, Sir J. A.

Greene, W. P. Crawford
Grotrian, H. Brent
Hall, Lieut.-Col. Sir F. (Dulwich)
Hannon, Patrick Joseph Henry
Harland, A.
Harmsworth, Hon. E. C. (Kent)
Harrison, G. J. C.
Heneage, Lieut.-Colonel Arthur P.
Hennessy, Major Sir G. R. J.
Herbert, Dennis (Hertford, Watford)
Hills, Major John Waller
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Horlick, Lieut.-Colonel J. N.
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Kennedy, A. R. (Preston)
Kindersley, Major Guy M.
King, Commodore Henry Douglas
Lamb, J. Q.
Little, Dr. E. Graham
Looker, Herbert William
Lumley, L. R.
MacAndrew, Major Charles Glen

Macdonald, Capt. P. D. (I. of W.)
 McNeill, Rt. Hon. Ronald John
 Makins, Brigadier-General E.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Mason, Lieut.-Col. Glyn K.
 Merriman, F. B.
 Mitchell, S. (Lanark, Lanark)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Moore-Brabazon, Lieut.-Col. J. T. C.
 Morrison, H. (Wilts, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Hall, Colonel Sir Joseph
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, O. (Westminster)
 O'Connor, T. J. (Bedford, Luton)
 Ormsby-Gore, Rt. Hon. William
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.

Peto, Sir Basil E. (Devon, Barnstaple)
 Power, Sir John Cecil
 Radford, E. A.
 Ramsden, E.
 Rawson, Sir Cooper
 Rees, Sir Beddoe
 Remer, J. R.
 Roberts, E. H. G. (Flint)
 Salmon, Major I.
 Samuel, Samuel (W'dsworth, Putney)
 Sandeman, N. Stewart
 Sandon, Lord
 Savory, S. S.
 Scott, Rt. Hon. Sir Leslie
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Shepperson, E. W.
 Slaney, Major P. Kenyon
 Smithers, Waldron
 Steel, Major Samuel Strang
 Sykes, Major-Gen. Sir Frederick H.
 Thompson, Luke (Sunderland)

Thomson, F. C. (Aberdeen, South)
 Tryon, Rt. Hon. George Clement
 Ward, Lt.-Col. A.L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Watson, Rt. Hon. W. (Carlisle)
 Watts, Dr. T.
 Wells, S. R.
 Williams, A. M. (Cornwall, Northern)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.)
 Yerburch, Major Robert D. T.
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Mr. Penny and Captain Bowyer.

NOES.

Atlee, Clement Richard

Barnes, A.

Batey, Joseph

Compton, Joseph

Crawford, H. E.

Dalton, Hugh

Day, Colonel Harry

Garro-Jones, Captain G. M.

Graham, D. M. (Lanark, Hamilton)

Greenwood, A. (Nelson and Colne)

Griffith, D. R. (Glamorgan)

Grundy, T. W.

Hall, G. H. (Merthyr Tydvil)

Hartshorn, Rt. Hon. Vernon

Hayday, Arthur

Hayes, John Henry

Henderson, Right Hon. A. (Burnley)

Henderson, T. (Glasgow)

Hirst, G. H.

Hirst, W. (Bradford, South)

Hudson, J. H. (Huddersfield)

Jenkins, W. (Glamorgan, Neath)

Johnston, Thomas (Dundee)

Kelly, W. T.

Kennedy, T.

Kirkwood, D.

Lindley, F. W.

Lunn, William

Murnin, H.

Oliver, George Harold

Paling, W.

Parkinson, John Allen (Wigan)

Potts, John S.

Shepherd, Arthur Lewis

Smith, Ben (Bermondsey, Rotherhithe)

Sutton, J. E.

Taylor, R. A.

Tinker, John Joseph

Varley, Frank B.

Watson, W. M. (Dunfermline)

Welsh, J. C.

Williams, T. (York, Don Valley)

Windsor, Walter

TELLERS FOR THE NOES.—
 Mr. Charles Edwards and Mr. Whiteley.

FIFTH SCHEDULE (*Amendments of Finance Act, 1920 and of Income Tax Acts*) agreed to.

SIXTH SCHEDULE (*Enactments repealed*) agreed to.

Motion made and Question proposed.
 "That the Chairman do report the Bill, as amended, to the House."

Mr. DALTON: May I ask whether it will not be in order for the new schedule to be moved relating to the Entertainment Duty?

The DEPUTY CHAIRMAN: That will not be in order, because there is no clause that depends on it.

Mr. KIRKWOOD: Then we will divide on it.

Question put.

The Committee proceeded to a Division.

Major Cope and Mr. F. C. Thomson were nominated Tellers for the "Ayes," but there being no Members willing to act as Tellers for the "Noes" the Chairman declared that the "Ayes" had it.

Bill reported; as amended to be considered this Day (Friday) and to be printed [Bill 170].

LAND TAX COMMISSIONERS BILL.

Considered in Committee.

[Captain FitzRoy in the Chair.]

CLAUSE 1.—(*Additional Land Tax Commissioners.*)

Motion made, and question proposed,
 "That the Clause stand part of the Bill."

Captain GARRO-JONES This is a Land Tax Commissioners Bill, and it must be a matter of some importance. It is now seven minutes past One O'clock. I think a large number of Members have received letters from a certain body asking them to nominate certain men to be appointed Commissioners. Other Members, I believe, have not received those letters. The letters varied in form. Some said that it was the right of hon. Members of this House to nominate these Commissioners. Others said it was the right of the already existing Commissioners. Late as the hour is, I should like to have these matters cleared up. What is this Bill? Who has the right to nominate the Commissioners. Are women allowed to be nominated? I took the opportunity of nominating a very distinguished lady in my constituency. I have

not yet learned whether that nomination has been accepted. If I am right in my supposition that this Bill has to do with the nomination of these commissioners, then I hope that we shall receive from the Government some explanation of the Bill and on the points that I have raised.

Mr. McNEILL: I should have been very glad to give the hon. and gallant Member an explanation of the Bill, but I gave a very full explanation on a former occasion, and I thought it would still be within the recollection of hon. Members. I explained at that time that hon. Members would receive requests—or might receive requests—from the Land Tax Commissioners in their own constituencies inviting them to make nominations for Land Tax Commissioners for their respective districts. It is not necessary that in every case an hon. Member should have received such a letter. My advice is that almost everywhere, in every constituency, hon. Members have been approached by local authorities with lists which it was open to them to receive as they were or to strike out some nominations, or add any other nominations they liked, and within a certain period deposit the lists in this House. The hon. Member for South Hackney (Captain Garro-Jones) has asked me whether women are eligible for these appointments. I have never heard that point raised before. I can only say that I conclude that, under the Sex Disqualification Removal Act, women would be eligible. That is only my own personal opinion, and I cannot give any definite ruling on the point. Of course, I need not remind hon. Members

1.0 a.m. that we cannot take this Bill if there is any opposition at this time of night, but I had hoped that hon. Members would desire it to go through as it is entirely for their own convenience and the convenience of their constituents. The procedure is that as soon as it passes through Committee, and the persons have been nominated in the various districts, the names will appear in the "London Gazette," which is the equivalent to their being put in the schedule of this Bill, and that record stands and is accepted under this legislation as the authoritative record of those who have been nominated.

Mr. CRAWFORD: As the right hon. Gentleman has raised the question of those letters, which were supposed to have been received by hon. Members for the purpose of nomination, I would like to ask one or two questions. From whom do the letters come? I take it that, if no letter is sent out, there is no need to nominate Commissioners, but what course of action is open to an hon. Member where no letter is received? I believe there has been some amount of irregularity, because several hon. Members have inquired why no letters have been sent.

Mr. McNEILL: I have not heard myself of any such cases, but, if the hon. Member has a case within his knowledge and communicates with me, I will see if there has been any irregularity.

Mr. PALIN: In such a case, would it be too late for the names to be included?

Mr. McNEILL: Yes, the notices were sent to hon. Members.

Mr. E. BROWN: Has the right hon. Gentleman any idea of the number of extra Commissioners required? The number seems to me to be fairly constant.

Mr. McNEILL: Does the hon. Gentleman mean the number of nominations?

Mr. BROWN: The number of extra Commissioners.

Mr. McNEILL: Nobody can know, except at the Public Bill Office, until they have appeared in the "Gazette."

Mr. COMPTON: I happen to be one of 10 Members for a city and I received a notification from the Commissioners that a list had been sent on to another Member, but they failed to supply me with a list of names. In accordance with my right, I submitted a list of my own. Will that appear with the semi-official list?

Mr. McNEILL: I do not like to be too positive, because it is a point I have not had an opportunity of considering, but my impression is that if the hon. Member has delivered his list to the Public Bill Office before the specified date his list will appear.

Mr. KIRKWOOD: I wish to raise the point of justices of the peace. This is another indication of the class struggle in Society. I am not opposing the Bill, but I would like to draw the attention of the Financial Secretary to the Treasury to the conditions that exist when Commissioners are being appointed for purposes of this description, because we find as Labour Members that when we nominate justices of the peace they are turned down.

The DEPUTY-CHAIRMAN: That matter has nothing to do with the Land Tax Commissioners.

Mr. McNEILL: Perhaps I can smooth matters. In the case of these Commissioners, there is no parallel with the appointment of justices of the peace. In the case of justices of the peace, the hon. Member may possibly make a recommendation, and, as he says, that recommendation may be turned down. But in this case he himself has absolute power. He has only to nominate someone within the area of his constituency, and no one can turn the nomination down.

Captain GARRO-JONES: We ought not to let this Bill go through without a clear understanding that the right hon. Gentleman will investigate the irregularities. I want also to know how many vacancies there are on the Land Tax Commissioners. From a recent letter it appears that about 50 new Members will be sufficient. If this post is worth having, if it is not a sinecure, it ought to be on some sort of regular basis. If the right hon. Gentleman can assure the Committee that he will go into these irregularities, there is no need to oppose the Bill, but that assurance ought to be given.

Mr. McNEILL: The hon. Gentleman is expecting rather too much from me when he asks me, because that can only be rectified by Act of Parliament. There is no limit, as far as I recollect, to the number of possible Land Tax Commissioners. There is a body of Land Tax Commissioners in every district, but the area for which they are appointed does not coincide with any other modern area. They are obsolete territorial areas in many cases, and what happens is that as a rule a Bill like the present Bill is

passed about the beginning of every Parliament, roughly every six or seven years. But a very large number of Land Tax Commissioners was affected in 1906, so many that there has been no replenishing of them since. Therefore, it is 21 years since one of these Bills was accepted by Parliament. That accounts for the fact that we in this House are not familiar with this legislation. In consequence of that lapse of time, there are many districts where there has been so much wastage that the existing Land Tax Commissioners have come to the conclusion that their number ought to be replenished. Not so in other cases. In certain areas the Land Tax Commissioners thought it was unnecessary to add to their number, and there was no obligation on them to do so. That is really, I think, an accurate description of the procedure.

Question put, and agreed to.

Clause ordered to stand part of the Bill.

CLAUSE 2.—(*Short title ordered to stand part of the Bill.*)

Bill reported without Amendment: read the Third time and passed.

GAS REGULATION ACT, 1920.

Resolved,

“That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the Mayor, Aldermen, and Burgesses of the borough of Tiverton, which was presented on the 23rd May and published, be approved, subject to the following modification:—

Clause 4, line 2, substitute the word ‘July’ for the word ‘June’.”

Resolved,

“That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the Flint Gas and Water Company, Limited, which was presented on the 24th May and published, be approved.”

Resolved,

“That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the Newport Pagnell Gas and Coke Company, Limited, which was presented on the 25th May and published, be approved.”

Resolved,

"That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the Cleethorpes Gas Company, which was presented on the 25th May and published, be approved."

Resolved,

"That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the Deal and Walmer Gas Company, which was presented on the 16th June and published, be approved."—(Sir Burton Chadwick.)

Motion made, and Question proposed.

"That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the Newquay (Cornwall) Gas Company, Limited, which was presented on the 17th June and published, be approved, subject to the addition of the following Clause:—

Saving Rights of Duchy of Cornwall.

Nothing in this Order contained shall prejudice or affect any property, rights, powers, authorities, or privileges of His Royal Highness the Duke of Cornwall in right of His Duchy of Cornwall or of the possessor of the Duchy of Cornwall for the time being."—(Sir Burton Chadwick.)

Mr. KIRKWOOD: I want to draw the attention of the House to that last paragraph—

"Nothing in this Order contained shall prejudice or affect any property, rights, powers, authorities or privileges of His Royal Highness the Duke of Cornwall in right of his Duchy of Cornwall or of the possessor of the Duchy of Cornwall for the time being."

I would like to ask, is it not time that we were stopping all this nonsense. I

want to ask the question, why there should be special privileges granted to the holder of the Duchy of Cornwall? Why is he specially mentioned here? Why is it that there should be some differential treatment meted out to this individual? I have never met him; I do not know if he is a poor man that he should require this all-powerful institution, the House of Commons, to safeguard his interests. If the House will only turn its attention for the next half-hour while I develop my point, I hope they will see that this individual is under the guise of a name that is not very familiar with the vast majority of the lieges—that is a good word. He is called here the Duchy of Cornwall—that is a very nice part of Britain. Cornwall is a very fine part in good weather. I want to know from the Minister who is going to reply to us this morning before we go home to our beds, whatever hour that may be—I cannot tell at the moment—I want to know why this special treatment, because we are led to believe from all sides of this House, Tories, Liberals, yea, even Labour men—are all within this building equal. Then I want to know who this individual is, what he is, where he comes from; if he is a human being, or, if he is a descendant from Mars who has arrived on the scene, that requires special treatment meted out to him.

Notice taken that 40 Members were not present; House counted, and 40 Members not being present—

The House was adjourned at Twenty-nine Minutes after One of the Clock till this day [Friday].

HOUSE OF COMMONS.

Friday, 8th July, 1927.

[OFFICIAL REPORT.]

*The House met at Eleven of the Clock,
Mr. SPEAKER in the Chair.*

PRIVATE BUSINESS.

Bognor Gas and Electricity Bill [*Lords*],Hastings Tramways Company (Trolley Vehicles) Bill [*Lords*],Littlehampton Harbour and Arun Drainage Outfall Bill [*Lords*],Maidstone Water Bill [*Lords*],

As amended, considered; to be read
the Third time.

					Persons normally in regular employment.		Persons normally in casual employment.	Total.
					Wholly unemployed.	Temporarily stopped.		
Men	...	...	...	...	4,026	54	817	4,897
Boys	...	...	...	...	145	—	—	145
Women	...	...	...	...	1,183	124	168	1,475
Girls	...	...	...	...	192	1	—	193
Total	...	...	...	...	5,546	179	985	6,710

OIL-MILLING INDUSTRY.

Mr. LUMLEY asked the Minister of Labour (1) the number of unemployed in the oil-milling industry in Hull for the latest available date, and the number for corresponding periods in 1925 and 1926;

(2) the number of unemployed registered in the oil-milling industry for the latest available date, and the number for corresponding periods in 1925 and 1926?

Sir A. STEEL-MAITLAND: Separate figures for the oil-milling industry are not available but the numbers of workpeople classified as belonging to the industry group "Oils, greases, glue, soap, polishes,

Ministry of Health Provisional Orders Confirmation (No. 7) Bill [*Lords*],

Ministry of Health Provisional Orders Confirmation (No. 8) Bill [*Lords*],

Read a Second time, and committed.

WRITTEN ANSWERS.

UNEMPLOYMENT.

BOROUGH (NUMBERS ON REGISTERS).

Colonel DAY asked the Minister of Labour the latest figures of unemployed upon the register at the Borough Road, Walworth, Unemployment Exchange?

Sir A. STEEL-MAITLAND: The following Table shows the numbers on the registers of the Borough Employment Exchange at 4th July, 1927:

pastes, inks, matches, etc.," recorded as unemployed are as under:

Date.	Hull.	Great Britain.
22nd June, 1925 ...	944	6,210
25th June, 1926 ...	1,091	6,616
20th June, 1927 ...	1,527	5,974

BRITISH AND FOREIGN TYPE-WRITERS (ADMIRALTY).

Colonel DAY asked the First Lord of the Admiralty the number of typewriters used in the headquarters offices of his

Department, giving the country of origin of these machines?

Lieut.-Colonel HEADLAM: The number of typewriters in use in the headquarters offices of the Admiralty is 464. Of this number, 440 were manufactured in the United States of America and 24 in Canada. The reasons for the number of foreign typewriters in use was explained by my right hon. Friend the Financial Secretary to the Treasury in his reply of the 22nd February, 1926, to the hon. and gallant Member for Basingstoke (OFFICIAL REPORT, cols. 26-7).

SMALL HOLDINGS (SCOTLAND).

Sir A. SINCLAIR asked the Secretary of State for Scotland what number of small holdings and enlargements have been constituted in Scotland each year since the War; what was the total cost of these schemes in each year for small holdings and enlargements, respectively; what is the total number of applicants for small holdings on the Board of Agriculture's list at the present moment; and what number of new holdings and enlargements, respectively, he proposes to constitute throughout Scotland during the current year?

Sir J. GILMOUR: The numbers of new holdings and enlargements constituted by the Board during the years mentioned are as follow:

Year.	New Holdings.	Enlargements.	Total.
1919	282	114	396
1920	227	90	317
1921	415	307	722
1922	433	304	737
1923	322	108	430
1924	269	126	395
1925	102	113	215
1926	148	47	195

With regard to the question of costs, I should explain that payments and receipts in connection with schemes of land settlement are spread over periods of years; that consequently the money transactions in any specified year are not wholly in respect of and do not represent the total expenditure on holdings constituted during that year; and that, having regard to the fact that schemes

are usually of a composite nature, it is not practicable to separate costs of new holdings and enlargements. I append, however, for the information of the hon. and gallant Member a note of the nett capital expenditure (i.e., excluding annual payments and receipts) on schemes of land settlement for each of the years 1919-20 to 1926-27, inclusive:

	£	s.	d.
1919-20	182,474	14	1
1920-21	609,555	2	0
1921-22	385,661	2	3
1922-23	192,046	13	1
1923-24	205,211	18	9
1924-25	141,122	19	11
1925-26	96,014	2	4
1926-27	130,542	19	8

The outstanding applications on the Board's lists at 30th June, 1927, were 6,940 for new holdings and 3,298 for enlargements.

It is anticipated that during the present year 78 new holdings and 60 enlargements will be constituted by the Board.

AIR DISPLAY (SANDWICH-BOARD MEN).

Mr. GROVES asked the Secretary of State for Air the terms of contract, general working hours, and rate of pay daily of the sandwich-board men engaged to advertise the recent air display?

Sir S. HOARE: The engagement of sandwich-board men to advertise the recent air display is a question for the Royal Air Force Display Committee, an unofficial body, and not for the Air Ministry, inasmuch as the cost of this and similar expenditure incurred in connection with the display is met from non-public funds and is not a charge against Air Votes. I have accordingly no official information as regards the terms of contract, general working hours, and other matters raised in this question.

POST OFFICE SAVINGS BANK (LUNACY ACT REGULATIONS).

Mr. GROVES asked the Postmaster-General whether, seeing that accounts opened under the Post Office Savings Bank are guarded and retained until either the persons who deposited the

money have authorised its withdrawal, or in the case of decease the person legally declared, he is aware that when persons having accounts with the Post Office Savings Bank become inmates of a county asylum their savings book is claimed by the board of guardians of the area; and whether he will take steps to see that such regulation conferred by Section 299 of the Lunacy Act, 1890, is mentioned among the rules and regulations of Post Office deposits?

Sir W. MITCHELL-THOMSON: I am aware that where a lunatic is chargeable to a Poor Law Union the guardians

under Section 299 of the Lunacy Act of 1890 may obtain a Justice's order for the seizure of such money belonging to the lunatic as the Justice may think sufficient to pay the expenses of maintenance. The application of this Section of the Act extends not only to deposits in the Post Office Savings Bank but to other property possessed by insane persons. For this reason, and because so small a proportion of Savings Bank depositors are affected, I do not think that any further reference to the provision in the Post Office Deposit Book beyond that which now appears in the most recent issues is necessary or desirable.

ORDERS OF THE DAY.

SUPPLY.

[8TH ALLOTTED DAY—SECOND PART.]

Considered in Committee.

[Mr. JAMES HOPE in the Chair.]

CIVIL ESTIMATES, 1927.

CLASS II.

INDIA OFFICE.

Motion made, and Question proposed,

"That a sum, not exceeding £74,834, be granted to His Majesty, to complete the sum necessary to defray the Charge which will come in course of payment during the year ending on the 31st day of March, 1928, for a Contribution towards the Cost of the Department of His Majesty's Secretary of State for India in Council, including a Grant-in-Aid."—[Note: £37,500 has been voted on account.]

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): In accordance with the arrangement entered into with hon. Gentlemen opposite, I rise to make my main annual statement on the course of Indian administration. Before doing so, I should like to make reference to one or two points in speeches made on the occasion of the last discussion of these Estimates with which I had not time to deal in my short reply on that occasion. First of all, the hon. Member for Dundee (Mr. Johnston) quoted from an American newspaper, the "New York Times," a statement by a certain Captain Arthur Herbert Vaughan-Williams. The hon. Member said that this gentleman was busy declaring that if Florida would

"ask the British Government for permission to import several thousand Hindu labourers from India, such permission could be obtained easily enough. These labourers could be brought over for a period from three to five years and paid at the same rate as they were being paid at home with their board and keep provided. They could live on a handful of rice a day and it would cost little enough to keep them."

The hon. Gentleman hoped that I would be able to contradict and disavow any official connection whatever with anything this gentleman had said. This I can most certainly do. I can say I know nothing of Captain Arthur Herbert Vaughan-Williams, but I do know that he is talking complete nonsense when he

suggests it would be possible for him to do what he desires. I am assured that the emigration of unskilled labourers is very carefully protected by the Indian Emigration Act, which was passed through the Legislature in the year, I think, of 1922 and which makes illegal the emigration of unskilled labourers to any country without a notification by the Government of India giving permission for emigration to any particular country and laying down conditions in respect of the wages and economic conditions of the emigrants. That notification cannot be effective until it has been accepted by a vote of the Legislature. I can say that not only will the Government be very careful not to make such a notification, except in cases where it seemed desirable, but they will be entirely bound by the views expressed by the Legislature.

The other matter, which was really, I think, of more importance was a reference the hon. Member for Bow and Bromley (Mr. Lansbury) made to the fiscal position in India. I would just like to devote a minute to that. The hon. Gentleman said:

"I want to call attention to the fact that as the days pass Indian and other capitalists who invest their money in India, and the workmen who work for them, will want to claim the same rights for Indian industries that right hon. Gentlemen and hon. Gentlemen opposite claim for British industries, namely, safeguarding. Up to the present we hold the power, and the Viceroy exercises the power, of deciding whether there shall be duties, countervailing duties or tariffs, on certain things. I do not think that this country should decide these questions for the Indian people or even for the Indian capitalists or workmen. In the end the people of Burma and India should have the right to settle these questions, and they ought not to be settled merely from the point of view of what may happen to be good for British industry at a particular moment."—[OFFICIAL REPORT, 17th June, 1927, col. 1372, Vol. 207.]

I do not consider that the hon. Member, in the statement he made, gave a correct representation of the facts. It is really very important that once again the point should be reiterated that the fiscal policy of India is largely, if not entirely, conditioned by a Convention which has been growing up for some years. The principle on which His Majesty's Government act can be stated in very few words as follows:

"in regard to matters of tariff policy, a convention—commonly known as the Fiscal

[Earl Winterton.]

Autonomy Convention—has grown up under which, save in very exceptional cases, where the action proposed would raise international or Imperial difficulties, His Majesty's Government do not regard themselves as being at liberty to interfere after an agreement has been reached between the Government of India and the Indian Legislature."

That is, and has been for years past, the ruling principle, and it certainly indicates a degree of fiscal freedom in India far beyond that which one would have supposed from listening to the words of the hon. Gentleman. I could quote, if it were necessary, to-day many examples of how that degree of fiscal freedom has operated.

The only other point to which I wish to refer—and I gave notice to the hon. Member that I was going to refer to his speech, and I am informed that reasons of health may make it difficult for him to be present—was the speech delivered by the hon. Member for North Battersea (Mr. Saklatvala). I do not think it is necessary for me to say very much about that speech, because I think on the last Debate there was a very effective exposure of his contention by the hon. Member for Penryn and Falmouth (Mr. Pilcher), but I would like to make one point about it. The hon. Member, in the speeches which he delivers in this House on Indian affairs, makes the main basis of his objection to our position in India that we are, what he describes as, alien people in that country. It is really necessary to remind the House and the Committee that there are many in India who hold that the community to which the hon. Gentleman himself belongs is an alien community. In has only been in that country for a very small number of years compared with the time during which other communities have lived there, stretching back into the mists of antiquity as these communities do. I would only add one word about that particular community to which the hon. Gentleman belongs. It is a very loyal community and a very efficient and successful one, and has done an enormous amount to build up the Indian and economic industrial system. It has extended to the poorer members of the community a helping hand which has been absent in the case of some other communities in India. I should like

only to add from my personal knowledge and experience, the hon. Gentleman does not represent one half per cent. of the views of that community which he professes to represent in this House. So much is that the case that I may say—it may be a matter of interest to the Committee—that I have been approached by more than one distinguished Indian in public life who has asked me if I can tell him how he can get into touch with representative of hon. Gentlemen below the Gangway opposite and Members on this side with a view to standing at an election and if successfully elected to this House to do something to counteract the idea that has apparently grown up that the hon. Gentleman does in any way represent that people.

We have an advantage from the point of view of those who take an interest in India on this occasion of having two days devoted to the India Office Vote. That is an almost unique occasion. I think that in view of the fact that it concerns the administration of some 320,000,000 of people, administration to which this House still has a large measure of responsibility, no one can allege that this is an undue allowance of time for the House or the Committee to devote to the matter. But having had long experience of India Office discussions and attended most of those which took place before the War—though I do not think I have ever spoken at any of them—I was surprised to read in several organs of the provincial press that on the last occasion a number of questions raised were of no interest and that the speeches were lengthy and dealt merely with facts and figures. That unfortunately for years has been the attitude that a certain proportion of the press has always taken up towards Indian debates in this House. The fact is no debate on India is of any use to people who take no interest in India. In view of the fact that India is the greatest individual exporter to this country and also that the Indian people themselves find their best markets in this country a certain extra amount of time devoted to Indian affairs and to promoting interest in Indian affairs might be of benefit to what after all is a commercial country.

On the last occasion, I said that I would endeavour in the time permitted

to me to say something—to quote a phrase used in the Annual Blue Book which the Government of India issue—about “The moral and material progress” of the people of India during the last decade. In dealing with this subject, one is confronted at the outset by the fact that there are two sharply conflicting schools of opinion. One school, whilst grudgingly admitting certain benefits of British rule in India or, rather, the British connection to India, contends that at the end of the 150 years or more of that connection the great bulk of the population remains as miserably poor, diseased, ignorant and underfed as before. This school of opinion, held by certain Indian extremists and supported by a section of opinion among people in this country, very few of whom have ever been to India or have had any real experience of Indian conditions, goes on to urge that all this will be changed when India has Swaraj, though they never say by what method that is to be brought about. The other school of opinion, whilst admitting the many evidences of an inadequate margin of subsistence among Indian workers, claims that there has been a great improvement since the British have been in India, that that improvement would have been greater but for the lack of co-operation and the obstructive attitude, due to the inherited views and customs, of Indians themselves, and at the same time asserts that the progressive growth of Indianisation in the Services and the devolution of power to Indians both in the Government of India and in the Provinces has resulted in such a deterioration of administration as to injure the interests of the masses in the last few years.

I, personally, and I am also speaking on behalf of the Government, unhesitatingly and emphatically reject the first school of opinion, and I think the views of the second school of opinion cannot be accepted in their totality, at any rate without considerable qualification. I should like to state a few general considerations to rebut both these points of view, before coming to closer grips with my subject and going into detail. In the first place, I doubt whether all Members of the Committee realise the extent to which administration of the nature which we call in this country “local government”—I am using the term in its

British sense and not in its Indian sense—is in the hands of the Indians themselves, elected by Indians without official control. Take, for instance, municipalities and districts and local boards. What is the position there? They have been in existence about half a century and their right to manage their own affairs without official control has been greatly increased during the last five years. The functions of municipalities are similar to those of municipalities in this country, and the functions of local boards in rural areas are very similar to those of county councils and rural district councils in this country.

I am well aware that a survey of the activities of these bodies would not be in Order on any occasion in this House or in Committee, because neither the Secretary of State nor the Government of India have constitutionally any control over them. The only control which the Provincial Governments in India exercise is the power in the last resort of superseding these bodies, as has been done in the case of certain local authorities in this country. I wish therefore merely to add that my information is that some of these authorities have performed their duties satisfactorily and others have not done so. Many Indians, including Mr. Gandhi himself, have drawn attention to the delinquencies of some of these local authorities. Some time ago there was a statement by Mr. Gandhi in regard to his visit to a certain municipality and the conduct of certain members, all of whom were Indians, and many supporters of his own party, and he stated that unless they were prepared to put their own house in order and do away with many of the scandals which he saw there, it would greatly weaken the views which he and other Indians had always put forward for the proposed Swaraj. The point is, and I would emphasise this as strongly as I can, that a great deal of the health and welfare of the individual Indian depends upon how these authorities do their work, and the results, whether they be good or bad, mainly depend upon the efforts of Indians themselves. In these matters they have Swaraj now, and that is a fact which we should always bear in mind when we are discussing health matters, water supply and things of that kind.

[Earl Winterton.]

Let me turn to education. Education is a transferred provincial subject. It is true that it may be held that the present dyarchical system of Government provides inadequate financial stimulus for transferred subjects [Hon. MEMBERS: "Hear, hear!"] I say that it may be, because so long as ways and means and finance in general are not matters for which Ministers are responsible, and so long as the Reserved Departments can be represented as having first call on the provincial funds, it is always possible for Ministers and their followers to persuade themselves that the principle that you cannot have social service without paying for it, does not apply to them. The fact remains that the actual power to extend education lies very largely in Indian hands. I cannot, because it would be perhaps wrong and out of Order for me to do so, give an extensive and detailed account of the progress of education in India, in view of the fact that it is a transferred subject, but I will give some examples. I have devoted a good deal of time to the study of this question and I will try to give typical examples and not merely those which help my case of what is being done in regard to education in a number of provinces in India.

Take the Punjab. The number of pupils in schools has increased in four years by nearly 400,000 to a total enrolment of over 900,000, and the percentage of pupils to the total population increased in the same period from 2·7 per cent. to 4·5 per cent. The Committee may say that that is miserably small, but at the same time they must admit that the percentage increase has been a very large one, and this has been brought about under the present system of government. I learn from the Report of the Punjab Government that primary education is making great strides and that compulsory primary education has rapidly expended. Compulsion was in force in more than 400 rural areas in the Province. The Report states that certain municipalities still hesitate to put compulsion into force on the ground of the increased cost involved in doing so, but it was pointed out by the Director of Public Instruction in the Province that compulsion could be regarded as a guarantee that the money being spent on education was being spent

to the greatest advantage and in the most fruitful manner, because it ensured that the boys would remain at school long enough to obtain a firm grasp of literacy.

Take Madras. In the year ending March, 1925, there were 460,000 girls attending all grades of schools, against 430,000 in the previous year. Thirty-six women were studying medicine in the Province. A decade ago it would have been regarded as very remarkable that 36 Indian women should be studying medicine. Take Bengal. Here education has shown steady progress in all its branches in the last year. The total number of educational institutions in the Province increased by 1,200 to 57,000, and the number of recognised schools of all kinds for Indian girls rose by over 4 per cent. to 13,500. In regard to Bengal, it is worth noting that in this Province in 1924 there occurred a striking example of the attempted injury to social progress which from time to time results from the obstructive attitude of the Swarajist party.

As the Committee will doubtless remember, the Bengal Legislative Council refused to vote the salaries of Ministers in that year, and in consequence the Ministry of Education was dissolved in August, 1924, and the Governor had to assume charge of the department. But the Swarajists went further. Some time afterwards they refused by their votes the grant for the salaries of the inspecting officers under the Ministry of Education. The set-back was only temporary, because the necessary provision was restored in the Supplementary Budget, which was passed, shortly afterwards, and I am glad to say that under the present Council, Ministers are functioning and the Ministry of Education among them. It is, however, desirable to place on record this characteristic piece of Swarajist folly when considering the progress of education in the Province in question.

In Bombay again we see evidences of the great attention which has been paid to education in recent years. For example—the Committee will be interested in this fact—the education of the depressed classes has been taken seriously in hand. The Government have issued orders that no disabilities are to be imposed on the children of these classes in any school conducted by a public authority in its own

or in a hired school, and that where schools are held in buildings or temples from which the depressed classes are excluded, other arrangements must be made without delay. I am glad to say that that arrangement has on the whole been carried out with little friction in some villages, and that where schools are held in temples the children of the depressed classes have been accommodated in a shed erected elsewhere in the village. It is interesting, in referring to the education of the depressed classes, to note that in one area of the City of Bombay where compulsory education has been introduced, it has had the effect of providing a solution to the untouchability question in schools. Some five years ago, Dr. Paranjpye, who is now a member of the Council of India and was Minister of Education in the Bombay Presidency, was instrumental in passing through the Council a Bill which gives power to local authorities in the Presidency to make education compulsory in their area. That Act has only been put into operation in a few places, but it has been put into operation in parts of the area of Bombay City, and it has had the effect of finding a solution to the untouchability question in schools. No distinction whatever is made between the children of the untouchables and those of the higher classes. That, I think, we must all agree is a very satisfactory result.

Those are only a few of the many instances which I could give of the progress of education in the different Presidencies and Provinces of India, and I hope the Committee will agree that progress in education, if still slow—I am not denying that it is—is real and substantial. I hope the Committee will once again permit me to recall the fact, that the extent of the rate of progress rests entirely in the hands of Indians themselves. I spoke earlier of the charge so freely and so irresponsibly made against the British in India and against this House, in so far as it controls through the Secretary of State the policy of the Government of India, of failing to effect an appreciable improvement in the condition of the people since we have been responsible for the government of that country. It may be urged that what I have just said about the devolution of power to Indians themselves in many matters affecting the health and happi-

ness of the people dates only from recent years; that whether the change has been for good or evil, it does not affect our responsibility for so many years previously, and that what our Indian critics grudgingly admit we have done in the matter of giving law and order, justice, and comparative peace as well as economic development of all sorts, such as ports, roads, railways, irrigation and the like, have failed to achieve the goal at which all decent-minded persons must aim, and that is a real improvement in the prospects, outlook and standard of living of the masses.

In my opinion, the answer to that big question is two-fold. In the first place, I shall endeavour to show by chapter and verse that there has been, so far as can be ascertained, an improvement in the economic conditions of the masses in recent years. In the second place, the Government in India, and by that I mean the Government of India and Presidency and Provincial Governments, have never at any time had full control of those factors which a Government in Europe or America can use as a lever to economic progress. No Government can successfully appeal to a populace to raise its economic level by self-help when that populace contains a large proportion of people by whom this life and material progress in this life are regarded as of no importance. Here, indeed, our critics confound each other. On the one hand, we are told that we are purely materialists, that our roads and our railways and mills make no appeal and ought to make no appeal to the soul of India. We have been told this by Mr. Ghandi. On the other hand, we are accused by other critics of an utter indifference to the material prosperity of the people. Yet it is broadly true to say that almost every man who goes out from this country to India, and it applies to many other parts of the East as well, to carry on administrative posts of any kind is filled with a real and fundamental desire to improve the economic status of the people with whom he comes in contact. It is his life's work, and it is almost pathetic to see the real sorrow which fills the heart and soul of a man who has spent his life in the administration in India, who has built up the administration in his district to a certain point, and then, owing

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to proper rules for retirement, is forced to leave his work and hand it on to another.

What is the difficulty—I do not want to say anything which will in the slightest degree wound the feelings of our Indian fellow subjects—which a man almost always finds himself up against; it is the apathy and indifference of the people themselves, not so much from ignorance, but from deep rooted and inherent views on this life and the next. Take those matters over which the Government has not, cannot, and ought not to have any control; such things as religious observances and customs. I do not presume to criticise. It would be grossly improper for me to do so, but it is quite obvious that such matters as caste, with its accompaniments of depressed classes, child marriages, the prohibition of the slaughter of animals, even when old and diseased, must have a profound bearing on such questions as the opportunities open to an individual, the vitality of the people, and the position of agriculture. They make a comparison with Western standards and ideals profoundly and completely fallacious. I do not say that they are higher or lower than those ideals, and I hope no one will attempt to make a comparison. I would only add, in justice to all concerned, that many of these matters of religious custom which I have mentioned have been for a long time under the fierce scrutiny of Indians themselves, and that many possible future changes are discernible. I would quote two or three instances. The other day I came across an article in the paper which Mr. Ghandi edits, called "Young India," dated 26th August, 1926. In it he was quoting with approval from an article on the subject of child marriages and enforced widowhood:

"It is sapping the vitality of thousands of our promising boys and girls on whom the future of our society entirely rests. It is bringing into existence every year thousands of weaklings, both boys and girls, who are born of immature parents. It is a very fruitful source of the appalling child mortality and stillbirths now prevailing in our society. It is a very important cause of the gradual and steady decline of Hindu society in point of numbers, physical strength and courage and morality."

That is a quotation from an article which is quoted with approval by Mr. Ghandi

himself. Let me quote something even stronger, from a gentleman well known to many in this House, with whom certainly one right hon. Gentleman opposite and myself have been acquainted for a great many years past, Mr. Lajpat Rai. Mr. Lajpat Rai, speaking before a Hindu Conference in Bombay in 1925, said this of the system of widowhood that prevails in the Hindu community, and especially child widowhood:

"The condition of child widows is indescribable. God may bless those who are opposed to their re-marriage, but their position induces so many abuses and brings about so much moral and physical misery as to cripple society as a whole and handicap it in the struggle for life."

Those are two rather striking quotations from Indians themselves. I will make an earnest appeal to hon. Members on both sides of the Committee not to ignore these factors when dealing with the moral and physical progress of the Indian people. I now come to what has been done by European and Indian co-operation, through Government or voluntary agency, in such diverse but cognate subjects, where the strengthening of a nation is concerned, as progress in the national finances, in railways, irrigation, industrial legislation and welfare, research and voluntary co-operative buying and selling in agriculture, housing, infant welfare and the like. But, first of all, I wish to say a few words about the financial position. There was, I am glad to say, no interruption last year in the favourable series of monsoons which India has enjoyed in the last few years. The Indian export position last year showed a reduction compared with the previous financial year. In 1926-27 the exports were 309 crores and in 1925-26 they were 385 crores. That reduction was largely due to the great fall in the price of cotton, a fall which came as a surprise both to producers and manufacturers all over the world. It has not had the beneficial effect on the cotton industry generally that was anticipated. It has inevitably had rather a disturbing effect, and has certainly led to a great reduction in the value of exports from India.

MR. T. SHAW: The quantities are actually greater.

EARL WINTERTON: I believe that is correct. The imports from India in 1926-27 were 231 crores, which was a

slight excess over the corresponding figure of 1925-26. The Committee may be interested to learn that the proportion of British imports into India fell from 51 per cent. in the previous year to 48 per cent. in the financial year 1926-27. When I come to the Budget, I think I need not do more than give a very short and cursory survey, because it is now some time since the Budget debate took place in the Assembly, and hon. Gentlemen have had an opportunity of reading the reports. The year 1926-27 closed, as did the three preceding years, with a revenue surplus. The anticipated amount of the surplus for 1926-27 was exceeded by the actual surplus to the extent of no less than 2½ crores. In four years the aggregate of revenue surpluses in the Budget of India has been no less than 14 crores which, taking the rupee at 1s. 6d., though that is not entirely an accurate comparison, is £10,500,000. That is a revenue position which Finance Ministers in any part of the Empire might envy. That remark has no reference to any particular Finance Minister.

As regards the Budget proposals for 1927-28 the position is shortly this: On the basis of taxation in 1926-27 next year's Budget looks for a surplus of nearly 3½ crores, and therefore the way was clear, with the achievement of a sound revenue position, to make further progress in dealing with the important question of Provincial Contributions. The Committee is aware, no doubt, how the position arose about these contributions. When the Government of India Act was passed through this House it was necessary to re-arrange the distribution of revenue between the Central and Provincial Governments, and the principle followed was to make as clean a cut as possible between the sources of income, certain heads of revenue being declared, "Central" and others "Provincial." The effect of that change was to leave the revenue of the Government of India in deficiency, and, to make this good, Provincial Governments were assessed on the recommendation of an expert Committee to contributions of varying amounts. That is what is known as the Meston Settlement. That settlement has been very much criticised in India. I can only say, on behalf of the Secretary of State and the Government of India, that all the authorities con-

cerned recognised the drawback of the system, which was adopted only as the least objectionable method of meeting the difficulty and achieving the end in view.

When the question came before the Select Committee of this House and another place, they placed on record the view that the Government should direct its financial policy towards extinguishing the Provincial contributions at the earliest possible moment. Successive Secretaries of State and Governments of India had this recommendation of the Select Committee constantly before them, and they always endeavoured through the years to give effect to it. At the time of the presentation of the 1927-28 Budget the contribution of the Provinces to the Central revenue had been reduced by successive steps from 983 to 545 lakhs, excluding the Bengal contribution, which was temporarily suspended for certain reasons some time ago. It was felt that a special effort should be made to get rid of the outstanding balances of the contributions, namely 5½ crores, in their entirety in 1927-28. The Government, therefore, decided to adopt the following expedient—to use the anticipated recurring surplus for the remission of 3½ crores of contributions permanently. These contributions will be wiped out in future. As regards the remainder the situation has been dealt with by transferring the surplus of 1926-27 to a special reserve head, which will be drawn upon to the extent required to enable the balance of the contribution to be remitted this year.

The final Budget provides for equilibrium, after allowing for the non-payment of Provincial contributions in 1927-28, but I should make it clear that the Government cannot give a guarantee at present that the remission of the residue of the contributions will be permanent. The feasibility of that must depend on the future. Everyone knows that in India, where the monsoon and its activities exercise such an effect upon Government Budgets, it is impossible to do more than say that. It is impossible to give an actual guarantee. However, the Committee will have learned enough from what I have said and from what has been said in India, to realise that the Government have gone a long way towards carrying out the recommendation of the Joint

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Select Committee. The other outstanding feature of the financial year in India was the report of the Royal Commission on Indian currency, so ably presided over by my right hon. Friend the Member for Norwich (Sir Hilton Young). I should like to reiterate the thanks which have already been conveyed to him by the Secretary of State for India for the work which he did in that connection.

The report was presented last summer and dealt with four main topics, namely, the establishment of a gold standard for India, the creation of a central bank, the fixation of the ratio of the rupee and the arrangements to be adopted in the interim period before the central bank is brought into being. It is not necessary for me to traverse the ground covered by the Commission in their report. The ratio question, which has long been a source of uncertainty and difficulty in Indian finance, has been finally dealt with by the passage of the Bill stabilising the rupee on a 1s. 6d. basis and providing the necessary mechanism for the maintenance of the rate pending the creation of the reserve bank. The Secretary of State has, in agreement with the Government of India, accepted the general scheme of currency reform proposed by the Commission, and Bills have been introduced in the Indian Legislature to give effect to it. The Bills are now before a Select Committee in India, and the House will expect no further comment from me on that part of the report.

I turn from finance to the question of railways, a matter of great interest to all, in this country or in India, who have the welfare of India at heart. The mileage in operation is 38,600 and, of that, 27,500 are owned by the State, of which over 15,000 are operated direct and the remainder through the agency of companies. The programme of new construction covers some 5,000 miles and it is hoped that about 1,000 miles will be opened each year during the next quinquennium. If that anticipation is realised, it will mean a very considerable advance in the progress of railway construction compared with that which took place before the War. Modern methods are being applied in the organisation of the railway workshops, where there has been considerable overhauling in recent years,

and also in the system of accounting: up-to-date methods of publicity, such as travelling cinemas are being used to bring to general notice the services the railways can render and facilities are being provided for the extension of the training which has been given for some years past to Indians on the technical side of the railway service.

Colonel WEDGWOOD: For posts of command?

Earl WINTERTON: That question does not arise because posts of command are, and have been for many years, open to Indians, but the point is the number of Indians who are being technically trained in administration. You cannot hold a post of command in the railway service unless you have technical training. Facilities for third-class passengers are improving. The carriages are better and more modern, and the fares continue to be—at least the Government of India claim that they are—the lowest of any country in the world. I believe they work out at a fraction under a farthing a mile. Certainly to see the enormous numbers travelling on every railway in India seems to show that there is an ever-increasing demand for railway travel there. One other point, before I leave the question of the railways. Although, owing to the development of industry in India the railways obtain in that country much of the material required, there is still, as I have often pointed out, a promising field for British manufacturers. In the year 1926-27, £7,000,000 worth of railway stores were bought in this country and that in the face of severe foreign competition in certain directions. All these contracts were obtained by tender in competition with Belgian, German and other manufacturers. Those Members who represent industrial constituencies will recognise that this trade is a very large and a very important one. The general position of the Indian railways continues to be sound. The floods of last year had an adverse effect and there was, in consequence, some decline in earnings but the State railways were able to meet their fixed contribution to general revenues without drawing upon reserves to any appreciable extent, although under the Convention which was entered into with the Legislature, this had to be calculated on the results of the previous

year which was more prosperous. It is very satisfactory to be able to state that no constructional projects were delayed owing to the absence of the necessary capital.

I will now say a few sentences about irrigation. I would like to point out to the Committee, especially in answer to those critics who talk as if nothing had been done for agriculture in India, that the total area under irrigation in India is nearly one-eighth of the entire cropped area of the country. I would like, further, to point out that we have under construction in India what I believe to be the largest amount of irrigation work that is being undertaken by any country. The irrigated area, between 1903 and 1922, increased from 10,656,000 acres to 18,762,000 acres and the total estimated cost of the works which have been completed or are under construction since 1922 represents 50 crores of rupees, or £37,500,000, and the area to be irrigated under these schemes is 11,226,000 acres. These works include the Sutlej Valley Project and the Sukkar Barrage to which I have just referred when I said we had the largest irrigation works being undertaken by any country.

Next I come to the important cognate subjects of industrial legislation, welfare, the attitude of India towards the International Labour Organisation and her acceptance of its conventions and recommendations, and I want also to say something on industrial housing and official and unofficial agencies for social service and the improvement of the people. In the first two cases I can speak broadly of India as a whole. In the last two the problem is so diverse and immense that it is only possible to give examples of what has been done in some centres. I should like to emphasise, in the first instance, the difficulties experienced by reformers, whether official or private, as a result of the desirability, indeed the absolute necessity, of proceeding gradually and not far ahead of public opinion in introducing the changes necessitated by industrialisation in Oriental, tropical, and sub-tropical countries, where custom and historical, religious, social, and economic conditions differ so widely from those of the West and industrial organisation is non-existent or very rudimentary. These difficulties are ex-

perienced to the full in India. Unfriendly critics of the Government are apt to forget what has been done and, concentrating on the black spots that admittedly still exist, are impatient that conditions in India have not yet reached Western standards. They forget or ignore the difficulties which I have mentioned. I consider that it would be infinitely more helpful and more likely to secure still further improvement if these critics were to commend what has been accomplished and encourage the Indian Government and the Indian Legislature to further efforts.

The International Labour Conference recognises those difficulties and consequently sometimes prescribes a different regime for Eastern countries as compared with Western countries. For example, the Washington Hours of Work Convention of 1919 does not apply at all to China, Persia, and Siam, and provides special regimes for Japan and India, and there are other differences between the treatment which they suggest for Eastern as against Western countries. The improvement in the conditions of labour made by legislation in the last few years in India has been considerable and has certainly synchronised with the prominent part taken by India in the International Labour Organisation, with the work of which she has so whole-heartedly co-operated. I am glad to note the fact that the prominence of India in that organisation was recently signalised by the election of my friend Sir Atul Chatterjee, the High Commissioner for India, as President of this year's Conference at Geneva, and the Director of the International Labour Office has, on more than one occasion, acknowledged the support received from India. He has conveyed to the Government of India the gratitude of the Labour Office for the assistance given in this work and its appreciation of the manner in which the Government of India are fulfilling their obligations and of the conspicuous example of social and Labour progress which they are thus showing to the world.

I find that India has ratified no fewer than eight of the Conventions adopted at the various Labour Conferences and is one of the few countries that has ratified at the first Conference at Washington.

Mr. T. SHAW: An example to us.

Earl WINTERTON: Whether it is an example to us or otherwise, it is an answer to those who reiterate that we are doing nothing for labour legislation in India, and I hope that the right hon. Gentleman will realise that the knife cuts both ways. In addition, India has ratified Conventions relating to employment; night work of women and young persons; rights of association of agricultural workers; weekly rest in industry; minimum age for trimmers and stokers; and medical examination of young persons employed at sea. I can only say a word about the output of social legislation in the last five years. She has passed the Factories Act, 1922, which raised the minimum age of employment from nine to 12 years; the Mines Act, 1923, which also raised the minimum age of employment in the mines to 13; the Workmen's Compensation Act, 1924, which, I think, will benefit millions of workers; and the Trade Unions Act, 1926, which came into operation on 1st June this year, and which provides for voluntary registration of unions and grants various privileges to registered unions. The Government, in addition, have in mind and are now working on proposals to put before the Assembly for creating legal machinery for the settlement of trade disputes, which will take the form, first, of investigation and, afterwards, if it is feasible, machinery for the settlement of those disputes.

There are two other matters to which I might refer in that connection, and which the Government are considering. One is the question of providing by legislation for the prompt payment of wages and the second the question of checking abuses that may be found to exist in the system of deducting fines from wages. All these are matters about which hon. Members opposite have been asking questions, and I have had to admit that there have been considerable delays in coming to decisions on occasion, but it must be realised that all sorts of organisations have to be consulted in India when these questions are raised in this House. I think the record which I have shortly given is rather a remarkable one, and I would like to say that I think it reflects credit on the Indian Legislature. Indeed, when we remember the composition of the Council of State and

the Legislative Assembly, and realise that it has a very few representatives of Labour upon it, for a reason which is familiar to all, namely, because it is so difficult to get them, the record is all the more striking. I do not wish anyone to think that we are going to rest on our oars and are satisfied to leave things where they are now. The progress made will, I hope, be continued.

Another matter of great importance to the working people and to progress among the masses generally, but with which

I have not time to deal fully, 12 n. is the question of housing. I want to make it clear, when speaking of this, that it is not a question over which the Secretary of State exercises, generally speaking, any sort of supervision and, therefore, it would be wrong for me to do more than just mention what has been done, without comment and without commendation or criticism. I will confine what I am going to say mainly to the two great cities of Calcutta and Bombay. In both those cities the pressure of population is very great and the problem with which, to use a hackneyed phrase, the City Fathers are confronted is very similar to that which is to be found in the great cities of this country. You have traffic congestion in the streets, difficulty in conveying workers to business during the rush hours, the disposition on the part of workers to crowd to the centre of the city because of the difficulty of getting to their work otherwise, the difficulty of open spaces, of high land values—I am told land values in Calcutta at one time were higher than they were in any town in this country. [*Interruption.*] The fact remains that these high values exist, and I am here to give a review of the administration in India, not to discuss what I know has been for a quarter of a century a pet subject of the right hon. Gentleman opposite. I only state the fact that these high values have resulted in high rents, and the reason is, I think, the great value of land and nothing else.

In Calcutta one great difficulty in dealing with houses—I am informed by a gentleman who is one of the greatest experts on the subject and with whom I had the privilege of talking yesterday, Mr. Bompas—is the fact that Calcutta is built mainly on a swamp, and a great deal of money has had to be spent in

draining areas of land, some of which was already developed, and some of which could not properly be developed without draining. Let me mention some of the things that have been done. The Calcutta Improvement Trust has spent about 25 lakhs of rupees, that is, nearly £200,000, on land, building and roads in connection with three housing schemes for the middle classes, Anglo-Indians, and the poor respectively. The first of these schemes was unsuccessful and resulted in heavy loss, due, I am informed, mainly to the fact that the persons for whom the houses were intended preferred to erect their own houses on sites which are provided by the Trust at a cheap rate. The other schemes, I am informed, were successful and yield a small return. In addition, the Improvement Trust has spent over 13 lakhs of rupees, or about £100,000, on acquiring sites, but at present the demand for them appears to be small. Though they are not used for building purposes, they will be available as open spaces. In addition, the Calcutta Corporation are considering the question of erecting a number of model dwellings, and the Government of Bengal are considering proposals for the financing of co-operative housing schemes.

I turn now to Bombay, where great efforts and great progress have been made to provide adequate housing accommodation for the industrial classes in recent years, and here it should be emphasised that the Back Bay Scheme, the industrial housing scheme, the development under official auspices of a garden suburb of houses of a superior class—or perhaps I should say the projected development, for few, if any, of the sites have been sold—the driving of new roads to act as lungs through the slums, and the provision of open spaces: all these measures are part of a concerted plan to increase the amenities of the City and to improve the health and happiness of its inhabitants. I should like to say that whether this plan, as a whole, has succeeded or failed, no fair-minded person ought to deny that both Lord Lloyd and Sir Leslie Wilson and their Governments have been actuated by an intense desire to carry out great and far-reaching schemes of social betterment, nor ought the enemies or rivals of Bombay to deny her a civic spirit of endeavour comparable with that found in great cities here.

Let me first mention what has been done in Bombay City. The Bombay Development Department has built 207 chawls, containing over 16,500 tenants. There has been an old controversy between one hon. Gentleman opposite and myself, which has gone on now for a year or two, as to whether these chawls are suitable for the purpose for which they are intended. I can only say that I have seen them, and I am fully convinced—although it is not for me to praise or blame in this connection—that they are a very valuable addition to the housing opportunities in Bombay, and I am sure the hon. Member would agree with me if he had seen what I saw in 1922, when Lord Lloyd said to me—and there is no harm in mentioning it, for Lord Lloyd is no longer connected with the Government of India—“I should like to show you something of the slums in the city and what we are doing.” It was a wet day, and I must say he took me through the most appalling area I have seen; he also showed me what they were doing on the great open spaces, which I have mentioned before, for the housing schemes. The contrast between the two was really something such as I have never seen anywhere else. I went back to those buildings again later with Sir Leslie Wilson, and the people certainly were happy and healthy in a way which they cannot be in the older parts of the city.

That is not the only piece of work. Roads have been driven through slums, open spaces provided, and I really think the spirit of civic endeavour shown in that city compares favourably with that shown in many great cities in this country. There is still a large number of poor people in Bombay City who live in single rooms. The answer to the criticism there is that it has been the custom from time immemorial, all over India, for people to live in one room, and when further accommodation is provided they do not always use it.

As regards the welfare work of the Presidency, I believe in Bombay City the Labour Office has collected a good deal of information, and I find that out of 76 textile mills in Bombay which furnished information, 23 mills reported that houses had been provided for their workers. Of the textile industry in Ahmadabad 37 mills provide houses for em-

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 ployés. In Sholapur, all the five mills provide housing, but the accommodation provided is not sufficient to house all the workers who work in these mills. The number of workers who were reported to have taken advantage of this facility amounted to 12 per cent. of the total cotton mill labour force in that city. Concession rents were charged by all the mills. In two cases the rent charged was 25 per cent. of the economic rent, in one case 50 per cent., in one case between 50 and 60 per cent., and in one case 85 per cent. I cannot think that a mill which gives a concession of 15 to 75 per cent. of the economic rent can be regarded as showing a lack of interest in the welfare of the employés.

As regards railways, a number of them provide housing for their employés. The Bombay Port Trust provides housing for its employés. The number of employés reported as living in Port Trust chawls is 4,600. In some cases housing is provided free of rent. As regards private industrial concerns, I have seen returns from employers throughout India, and those, though incomplete, indicate that, excluding some railways and Government concerns generally, no fewer than 348,000 workers are housed by employers. Over 700 employers provide doctors and dispensaries, and about 300 maintain schools for employés or their children. We all know that the death rate of children under a certain age is high in India compared with this country, but not everyone knows that the death rate in those cities has been steadily decreasing, and the critics of the Government and of employers in India usually find it convenient utterly to ignore the other factors which come into the question of the infant death rate besides those of housing and economic conditions, such factors as customs and traditions of the people, the marriage age and the like. Every impartial observer who goes among the people and every doctor who attends them, knows their influence. I have already said that these customs have incurred condemnation and, indeed, castigation, of prominent Indians in the Assembly and elsewhere. I will leave it at that for it is really a question for Indians to deal with themselves. It seems to me obvious that in these matters the Government can only advise and re-

form, where advice and reform are likely to be accepted by the communities concerned. It would be quite wrong to suppose that in any Eastern country there is the same urge for any authority, Government or local, to act as there is in Westminster. Anyone who believes the contrary is believing something which is utter nonsense. I might refer to what has been done for social service by such institutions as the Social Service League in Bombay, run very largely by Indians. I know most of the people who run it, and very good work has been done by them. I might refer to what has been done by dispensaries for the supply of medicine and things of that kind, but I can only say a great deal is being done.

I turn to an industry which provides the pecuniary means of existence of not less than 71 per cent. of the population of British India, and provides a secondary occupation for multitudes of persons engaged in other pursuits—the industry of agriculture. As I said on the occasion of the last discussion of this Vote, it would be impossible to generalise on Indian agriculture. You might as well try to find a common denomination for the farming systems of Lanark and Southern Italy, as for agriculture in the North and the extreme South of India. I do not propose to discuss, to any extent, the drawbacks of Indian agriculture and the possible remedy until the Royal Commission has reported. I only say that the warning, which I ventured to give on the last occasion, against the natural assumption that the antiquity of agricultural implements is in inverse ratio to their usefulness, has been strikingly confirmed by the agricultural correspondent of the "Times." Referring to my speech, he said that what I said also applied to many parts of this country. I ought to add that when I was speaking of the wooden ploughs I do not think that I made myself clear. A wooden plough is not entirely composed of wood; it has a steel point. They are beautifully finished and turned by manufacturers from the best wood. While they are a bit old-fashioned, they are also, as far as construction is concerned, very splendidly made implements.

I would like to refer to a matter to which I have often referred in this House, and that is the question of agri-

cultural co-operation. It appeals very much to me, because I feel, and I think many in this House feel, that it is really by self-help and material assistance that this form of agricultural activity is doing so much to raise the standard of living, and encourage the legitimate aspirations of millions of cultivators. I doubt whether more than a few Members of the Committee realise the amazing extent of the progress of agricultural co-operation in India. I would ask some hon. Members who are associated with British agriculture to note what has been accomplished in India in the last 20 years. The history of agricultural co-operation in India is only 20 years old. The first co-operative societies' Act in India was passed in 1904. By the middle of 1925 the number of societies had risen to no fewer than 72,000. Their membership exceeds 2,500,000 persons; their working capital comes to nearly 500,000,000 rupees. These are societies carried on by Indians themselves, with the minimum of any sort of assistance from the Government.

Besides the ordinary agricultural societies, there are co-operative societies for special purposes in various provinces. The Punjab has thrift societies, societies for compulsory education, and societies for the supply of agricultural implements and household necessities. I saw some of them in actual working on the occasion of my last visit. There are also silt clearance societies, cattle breeding societies, and the like. In Bengal there are irrigation societies, milk societies, stores and supply societies, artisans' societies and fishermen's societies. The irrigation and milk societies form a very interesting side of the movement, the former carrying out small local schemes or irrigation. The number of societies rose by nearly 100 during the last year for which figures are available. The milk societies are doing equally valuable work. In Bengal we get also in the agricultural districts anti-malarial societies. It is the opinion of officials and experts, of, amongst others, perhaps the greatest expert, Sir Ronald Ross, with whom I had the privilege of travelling home from India this year, that they are doing very valuable work indeed in Bengal. He was especially impressed with the work done by Indians themselves in connection with it.

I have not time to speak of the advance, which continues from year to year, which is being made in agricultural research, in education and field work. The Agricultural Department in India maintains three grades of agricultural institutions, each with a definite aim. There are the agricultural middle schools, started in recent years, and in some provinces as an experimental measure. They provide a course of agricultural training for the sons of tenants or small landowners who intend to take up farming on leaving school. They are mainly vocational schools, and they have not, as yet, made very much headway, but there is a scheme under trial in the Punjab by which agricultural training is given in ordinary middle schools, and it has met with much success. I saw one of these schools in operation, and was impressed with what was being done. The provincial agricultural colleges have a dual role. They train men for the Agricultural Department, and they provide a course of instruction for students who are desirous of carrying on private farming. There are six of these colleges, four of them being now affiliated to their local universities. The work of the institutes at Pusa and at Bangalore is well known.

I would say of all these things that they are coming under review by the Royal Commission. The Royal Commission may make some recommendations, may condemn in some instances and praise in others; and it is because the Government of India and the Secretary of State have felt that what was being done should be considered by an impartial authority that this Commission was appointed. Someone has said that we are not doing enough for forestry. I can only say the history of scientific forestry in India dates back only to 1860—not a long period in the life of a country such as that. In 1870 the net forestry revenue was 1,500,000 rupees, and in 1924-25 it was 21,500,000 rupees. Great developments are taking place in the work which is being done to produce timber suitable for such purposes as panelling, furniture, bobbins, gun-carriages, and things of that sort. Some hon. Members may have seen at Wembley and elsewhere examples of Indian panelling, and I hope there is a growing market for it in this country and in America.

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As regards recruitment for the Services, I am able to report that the improvement which I noted last year has been continued. It is moving upwards in a steady curve. Last year, 93 Europeans entered for the Indian Civil Service examination, and this year the number is 112. It is a most satisfactory feature that a number of Europeans have chosen the Indian Civil Service in preference to a career in the Home Civil Service. At one time we were told by people who were pessimistic about the future of the Services in India that the Indian police were not going to get any recruits, but last year there were 66 competitors for a dozen vacancies, and they included some of the best material, both intellectual and athletic, from the best known public schools in this country. This year there are 84 competitors for a similar number of vacancies. As regards the Army, the position there is better than it was when I last had occasion to deal with these estimates. It has been slowly but steadily improving, though we are not yet in the same happy position as we are in the matter of recruitment for the Civil Service, and are not yet getting as many young officers as we require to maintain the establishment of the Indian Army. The whole position is being very carefully watched by the Government of India and the Secretary of State, and the Committee may rest assured that all necessary measures will be taken to ensure that the recruitment of British officers in sufficient strength will be adequately maintained in the future.

I doubt myself whether the shortage can be attributed to any single cause. Experts differ on this matter, and I do not think there is any simple remedy. It is quite true that some uncertainty exists in the minds of prospective candidates for the Indian Army, due to apprehension as to the effect of the policy of Indianisation. It is quite clear that these apprehensions will have to be very carefully considered when the Government come to a decision upon the Indian Sandhurst Committee's Report. But there are other causes as well. The recruitment of British officers for the Indian Army was badly hampered by the inevitable break in tradition caused by the Great War. This is a delicate subject, but I think it was to some extent

brought about in this way. There were many families in this country who for generations past had been accustomed to send a son, or a majority of their sons where there was a large family, into the Services, especially the Military, into either the British or Indian Army. During the war there were cases in which two, three, and even four sons of a family—I have known such cases—lost their lives in the war, and parents are inclined to think twice, to use a slang phrase, before encouraging their remaining sons to go into the Service. Then, too, a great many people who would normally have gone into the Services, and of the class who used to go into the Indian Army, have been attracted by civil employment in various businesses in India and elsewhere.

But, however these things may be, in the last year or two recruitment has been steadily improving, even though there are signs that some of the traditional attractions of the Indian Army, such as the system of promotion by time-scale, are not so widely realised as they used to be. One reason why we are now being confronted with a shortage is in one sense accidental. There has been up to now an actual surplus of officers, due partly to the fact that the establishment of officers was not reduced in full proportion to the post-War reduction in the rank and file. This surplus which we had to cover the shortage of direct recruitment during the earlier years after the War has now begun to disappear, and the full effects of the shortage is only now beginning to be felt. The matter is made less serious, however, by the fact that actual recruitment is now improving. I hope that improvement can be maintained and accelerated. My Noble Friend will consider any special measures which the situation may be found to justify, and I do not think we need be uneasy as to the future. So long as we can offer, as we must, adequate guarantees as to the conditions and the prospects of the Service, I am confident that the Indian Army will continue to be regarded as offering one of the finest careers open to a young man whose bent is towards the Army and Army life. In answer to some of the pessimists, I would like to say that I think they fail to realise the improvement in the conditions applying to the

Army in India within the last three or four years. We used to be told in discussing these Estimates that the old attraction of the Indian Army had entirely gone by the board. I will give as an instance on the civil side the case of the son of a very distinguished Indian civil servant. His mother asked him recently what he thought of the Indian Civil Service, and he replied, "I think it is the finest service in the world, and I cannot conceive anybody trying to get into any other service." This young man mentioned the name of the officer he was serving under, and he said, "I am sure Mr. So-and-So is the finest officer we have ever had in India." As long as that spirit exists in India we have no reason to be discouraged.

I have finished my survey and I apologise to the Committee for not being able to keep my remarks within a shorter space. In conclusion I ask myself whether those critics to whom I referred when I started, who assert that after 150 years of the British connection to India the great bulk of the population remains as miserably poor, diseased, ignorant and underfed as ever, are justified in their assertions; or whether, on the contrary, that connection, despite the failings and errors of the administration, has been for the moral and material betterment of the people. I maintain that the unprejudiced and dispassionate survey which I have given, incomplete though it is, leaves no doubt that the position of the people is gradually but steadily improving. I admit that from the material available, it is not easy to form a sound detailed judgment as to the extent of the improvement, but the material viewed as a whole, does show a steady improvement in the economic position. For example, some questions were asked here a month or two ago, the answers to which revealed that the nominal wages in the cotton industry in the Bombay Presidency had increased since May 1914, by 94 per cent., and those in the City by 87 per cent. This means that, making allowance for the increase in the cost of living, the increase in real wages in Bombay City since 1914 is 21 per cent. Only a week ago I gave some figures in reply to another question which showed that on an average wages in the tea plantations in Assam had

increased by substantially more than 25 per cent. in the last five years for which figures are available.

Let me mention two other cases, which I do not think have been mentioned before. I find that the sum on deposit in Post Office Savings Banks in India has increased in the last eight years from 18½ crores of rupees to 27¼ crores, which is an increase of nearly 50 per cent.; while the holdings of cash certificates in the same period has increased from 8 to 21 crores. I think those are very remarkable figures, especially in a country in which many of the people refuse to invest their money, and where a great many others prefer to keep what possessions they have got in the form of gold and silver in their huts, and bury them rather than put them into a bank. If the Indians ever really decided to invest to any large extent I am sure the world would be astonished to see the amount of wealth which has been hidden there for years. During 1921, when a wide area was affected by a menacing failure of crops, the proportion of the total population in receipt of relief was well under 3 per cent. throughout the whole area; and even the depressed classes who, in time of shortage had been accustomed to subsist upon seeds and roots, were able to purchase corn when the price was high.

Owing to a long tenure of my present office, I have become personally acquainted with a larger proportion of Indians of all parties in public life than probably any of my predecessors. I can say, I hope, without showing either effusiveness or a patronising spirit, that in culture and in education the leading men among them are not behind the public men of any country. But that alone is not enough. I have shown the extent to which the power to improve the position of the masses rests in their hands, not merely in the future, but at the present time under the existing constitution. In so far as any custom or tradition bars the way to progress they can do infinitely more than any Government to influence the change. After all, the sympathy and goodwill of this country and of its Parliament must have great value; I believe it will be extended to all who make use of the opportunities to which I have referred in order to

[Earl Winterton.]

secure the results which political catch-words and phrases, however brilliant, can never achieve by themselves.

Colonel WEDGWOOD: I feel certain the Noble Lord will permit me to allow the usual compliments made on these annual statements to be taken as read. I was reminded, while he was speaking, that in the fall of 1770, when the Spanish Cortes met in Madrid, that great Hidalgo, the Duke of Alva y Tormes, long, soberly clad, fluent, from his seat in the Cortes, made his annual statement upon the government of the Spanish Indies. He detailed the great progress that had been made in the Indies; he described the housing problems in Santiago de Cuba, the irrigation experiments on the Rio de la Plata, and the spread of religious education among the Indians of Chaco. At the same time, a bare legged child, called Bolivar, was playing about with a tin sword in the gutters of the City of Caracas. At about the same time, Lord North, or the Duke of Grafton, was rising from the Government Bench here to describe also the state of progress in the plantation colonies of America, the development of education among the Chippeway Indians in South Carolina, and the material improvement in the conditions of the slaves on the estate of a Mr. Washington at Mount Vernon. One must not press the parallel too far. The Cortes never met in 1770, or had met for 200 years, and, though I have no doubt that there is a great resemblance in outward appearance between the Noble Lord and the Duke of Alva, there is a profound difference of race.

Earl WINTERTON: I hope the right hon. Gentleman will add, and in inward and spiritual grace.

Colonel WEDGWOOD: I am coming to that. I am quite certain that no one in this House has been more disappointed at the Noble Lord's speech than the Noble Lord himself. He knows that progress such as he has been describing to-day was achieved by Spain in the Indies, that it was achieved in Egypt under the Romans; and neither he nor I would be so infernally proud of our own country if we really thought that that sort of progress was all that we stood for in the world. The Noble Lord quoted with approval the

sayings of Gandhi and Lajpat Rao, and in his concluding words he paid a well-deserved tribute to the intelligentsia of India. He knows that our best work in India is not the Great Indian Peninsula Railway, but our creation in India of a people who have now free thought, the capacity to use their brains, the determination to trust themselves, and, above all, the fact that we have instilled into them the great cult of freedom. A good many years ago Gokhale said that that was what we have given to India; but of freedom in the Noble Lord's speech we have not one word. Of comfort, yes—the standard of comfort is rising throughout the world, but, apparently, from the Noble Lord's own statement, it has risen far faster in India since the reforms were introduced than before; and I may add that the presence of the Labour party in this House has had a very admirable effect upon the activities of the Indian Government in the direction of Labour legislation.

But that is not enough. The Noble Lord knows as well as any of us that the whole of India to-day—and when I speak of the whole of India I mean the thinking people of India; unfortunately, in all countries of the world, too many people are engaged in the struggle for the conquest of bread to have any ideas much outside that—the whole of thinking India is waiting as one man for the declaration of the Government of India on one point. They want to know whether the Statutory Commission is to be appointed; what that Statutory Commission is to be like; whether it is to be something from which hope can come, or whether it is to preserve things and relations as they are. They are waiting for that, and the people in England are waiting for that, in order to see whether they can complete in India a bigger job than the Sukkur Barrage—the creation of a free people.

The party with which I have the honour to be connected has laid down its principles clearly and firmly. At the conference at Liverpool they were stated as follows:

“This Conference recognises the right of the Indian people to both self-government and self-determination. It welcomes the declaration of the Indian leaders in favour of free and equal partnership with the other members of the Commonwealth of Nations. It expresses the view that the policy of the British Government should be

one of co-operation with the Indian people with this object. It is the expressed conviction of the Labour Party that the political situation in India makes it imperative that immediate steps should be taken to place the Indian Constitution on a permanent basis."

That is the resolution which was passed only two years ago. To that resolution not only the Labour party have adhered, but, I believe, the majority in this House and the majority in the country. It is by no means a party resolution; it is what all politically-minded people in this country are pledged to.

Mr. WARDLAW-MILNE: Are we to understand that that is a resolution in favour of immediate Dominion self-government?

Colonel WEDGWOOD: No. It says that the policy should be one of co-operation with the Indian people with the object of securing an equal partnership.

Mr. WARDLAW-MILNE: Is there any difference?

Colonel WEDGWOOD: That is what all thinking people in this country are in favour of. We all want Dominion Home Rule, and we all want a step taken towards it for which everyone is waiting. I need hardly say that the Indian Assembly is thinking of nothing else but this. We cannot get them interested in education or irrigation while they are struggling for political freedom. That is the difficulty. It was exactly the same in Ireland. No people struggling for freedom can think of other things. The resolution they passed in the Assembly in May, 1925, was not in favour of a Statutory Commission, but in favour of a round-table conference. I do not think there is much difference in our minds between a Statutory Commission and a round-table conference. The Minority Report of the Muddiman Commission expressed admirably, I think, the views of all thinking politicals in this country. It said:

"The Constitution should now be put on a permanent basis, with provision for future automatic progress so as to secure stability in the Government and the willing co-operation of the people."

Those were not the words of extreme Indian nationalists, but of moderates who went on to the Commission and signed that Report. We do not want Home Rule

to-morrow, but we want a settlement to-morrow which shall tell us the date when Home Rule shall come. It is not a question of immediate self-government, but of an immediate step forward to provincial government, and the prospect of a definite date when the Indians can take the place occupied by other free peoples, and manage themselves in military matters as well as in civilian matters. I will bother the Committee with one more quotation from Pandit Motilal Nehru, because it is very vital and expresses exactly the view of the Swaraj party:

"We want responsible government in the Central Legislature. We want the Executive to be responsible to the Legislature except in certain particulars, namely, the expenditure on military services up to a fixed limit, the expenditure classed as political and foreign, and the payment of debts and liabilities. Then in the provincial governments we ask for provincial autonomy; we want the abolition of Diarchy."

The next step, he goes on to say, is the appointment either of a round table conference or of a statutory commission adequately representative of European, Indian and Anglo-Indian interests. Now we too want to see this next step. Till you do appoint that Commission everyone in India will stand and wait. No genuine progress can possibly take place, anxiety will deepen, doubts as to our good faith, already prevalent, will increase and the possibility of an honourable and amicable settlement will be jeopardised.

I know it is said that things are quiet in India. They are getting along so sweetly now. Why worry? Why not wait to appoint this Statutory Commission? Wait till next year or the year after. 1929, after all, is the date in the Bill. Things are all right now. Why fish in troubled waters? It is because things are quiet now that I would beg the Government to appoint this Commission at once. There is nothing more contemptible to my mind than to refuse in peaceful times and surrender later to force. There are plenty of pages in our history of which no one in this country is likely to be proud. The surrender to Ireland, even now the situation in China—how helpless we are! We refused in peace what we should now be only too glad to surrender now to safeguard our financial interests in China. I would particularly urge the Noble Lord, who I know perfectly well

[Colonel Wedgwood.]

shares the views I have propounded, to impress upon his Chief that while the House of Lords can wait, the house of India cannot, that any delay in this matter will certainly involve the Commission being set up at a time when we are not so likely to get that co-operation upon which the success of the Commission must inevitably depend. It is a question of an honourable settlement or a dishonourable concession later. The House knows perfectly well what stands in the way. We have to consider, we must consider—the Indians admit it just as much as I do—the interests of the British Civil Service in India. We have got to consider the financial interests which have arisen from the investment of British capital in India. We have got to consider the use of the guiding hand through the period of transition. Both the civilian and the military guiding hand is bound to continue between the next step and the final freedom. But if we start making our arrangements now, with Indians who can deliver the goods, we can get adequate safeguards and security, legislative and in other ways. A friendly settlement enables one to make far better terms and to take far fewer risks than a settlement that is extracted by force or anarchy.

I know it will be said that we are taking risks in taking any new step forward in India. Everyone in this country seems to be full of risks. The risk of allowing a pretty girl to ride on the bracket of a motor cycle worries some Members of the House. The risk of allowing morally deficient girls to wander about the streets worries others. We are always being worried by these risks. England would not be where she is if our forefathers had not taken risks. I am not at all certain that the risks of freeing India are not a good deal less serious than the risk of losing Indian friendship, and suffering in India what we are at present suffering from in China. Hon. Members, who are mostly the product of our public schools, will know that the only part in public school education in England which is of the slightest value to anyone is after you get into the sixth form and become a prefect. Of course there is great risk in trusting to the elder boys to look after the discipline of the school, in giving authority to a lad of

16 or 17. It is a very risky business, but it is the making of that boy and the schools risk it and do not suffer. To give posts of command is to create power to command. When I hear all these sneers about the inability of these Eastern people to make up their minds and to take up executive posts, I know perfectly well that you or I would be just as incapable if we had not had at an early age the chance of taking up these executive posts, making up our own minds and directing other people. It is part of the political education that we are bound to give throughout the adolescent British Commonwealth if we want the new British Commonwealth to be up to standard. We are giving such education to India. We are beginning, and it is risky, everyone admits. But if you cannot take any risk you might as well shut up your Empire business. Even this short period of reforms has done something to produce just the spirit of acting for yourself and acting on your own—self reliance—which we want, which hon. Members opposite are so anxious about.

There has been no more remarkable case lately than the mission of Srinivasa Sastri and others to South Africa and the wonderful way in which that man by his personality managed to convert South Africa to accept the settlement they made. Srinivasa Sastri has shown his light before all men so that we can say that there are others in India capable of doing the same. Give them the chance, just as you give public schoolboys in the 6th form the chance of responsibility and they will take responsibility and authority. I say delay involves far greater risks, that delay would be foolhardy in view of what has happened in Ireland, what has happened in China, and what may happen to-morrow in Persia. Other Asiatic races greatly inferior in intelligence and character to the Indians are developing an independent spirit, and in the case of Japan manifestly making good. To assume that this people whom we have imbued with British ideals of good Government will continue indefinitely to submit to British authority as if they were junior form schoolboys is ridiculous. We want a Commission set up, a commission composed of men with courage and who have the confidence of

men. It is better to have no Statutory Commission at all than a Commission which is not representative, even though there may be some that men might call dangerous. I would like to see such a man as Ghandi on that Commission. I think I know India better than the right hon. Gentleman does.

Earl WINTERTON: I did not suggest I knew India better than the right hon. and gallant Gentleman, but I must point out to him that he is not accepted as an authority either upon India or the Indians.

Colonel WEDGWOOD: The noble Lord is a better authority.

Earl WINTERTON: I have not said so.

Colonel WEDGWOOD: I am sorry if I attributed to the Noble Lord any remark that he did not make, but I should say from my small acquaintance with the Indian people that they are very well capable of taking the responsibility of considering and reporting on the future government of their own country. I should say there were men with sufficient capacity, sufficient confidence to take serious resolves, and to deliver the goods. We have all listened to extremists speaking at street corners, but, even when you get the Labour men round a table, they often come to terms, and it is of greater importance to confer with these men in India and come to a settlement with them than to set up a Statutory Commission which they will not accept or trust.

There is a wide enough field before any Commission. There is the question of the franchise; the question possibly of redistributing some of the provinces on religious rather than racial lines.

With regard to the question 1.0 p.m. of the extension of the franchise, hon. Members do not really appreciate to-day what the franchise in India means. In India you have constituencies as large as the whole of England with a population from 1,000,000 to 2,000,000 souls and with anything from 5,000 to 20,000 voters. Constituencies for the Legislative Council are not so large as that, but at the same time they are enormous areas as we judge constituencies in this country. There are very narrow electorates, class

electorates, caste electorates. There is the question of increasing the number of seats and thereby getting that personal touch between the voter and the representative which is so necessary for the political education of the voters throughout India. And, above all, there is the question of fixing a date, far ahead it may be, when we can say to the Indian people, "Meet together and draw up your own Constitution, and we shall hand over for good or ill the Government of your country." That is the ultimate solution of all those problems which the people of India are facing to-day.

They will be delighted and interested to hear the report of the material progress which their country has made and is making, but freedom after all is greater than material progress. No people would sacrifice its freedom for material wealth. Therefore, I would beg the Noble Lord to continue to develop India along the lines of material progress, but to harness with that the progress in political independence which has been going on steadily for the last ten years and which is essential for the completion of the work we are doing—establishing a free commonwealth of peoples. I am glad, in spite of the Noble Lord's sneers, that I was in at the birth of this new free people, and I hope I shall be there when it attains maturity and stands alone. A fellow countryman of mine, Sir Charles Wolseley of Wolesley, elected to this House, but sent to prison instead—mad, as I am mad no doubt, or my hon. Friend the Member for Smethwick (Mr. Mosley)—speaking in Stafford Market Place to celebrate at last the carrying of the great Reform Bill, said:

"Reform is now in the hands of the people. They can now save of ruin themselves."

When we hand over to India an Act conferring on them that power to save or ruin themselves, then I and Members of this honourable House will have done our duty.

Sir FRANK NELSON: The right hon. Gentleman who has just resumed his seat prefaced his remarks by asking the Noble Lord opposite to take as read the usual compliments extended to the Minister on the introduction of his Estimates. I do not desire the Noble Lord

[Sir F. Nelson.]

to take my compliments as read. I desire most humbly to offer him my most sincere congratulations on a very trying and difficult speech, and upon having at the same time achieved a task which is by no means easy, namely, to clothe the dry bones of the long statement which it was his duty to make with flesh and blood interest which held the attention of a great number of members of the Committee whose interests in India after all is, with great respect, purely academic. What is one to say, however, of the contribution of the right hon. and gallant Gentleman the Member for Newcastle-under-Lyme (Colonel Wedgwood) who has just sat down? I am divided between my great personal regard for him and my sense of grave disappointment that at a time like the present, he should not have thought it necessary to make a far more weighty and considered contribution to this Debate, a thing which we all know he is conspicuously able to do if he so desires. I always rise to speak about India whether in this House or outside with a great sense of personal insufficiency. After long residence in the East, I learnt perhaps only one thing, namely, that after 21 years in India and the East one realises how little one knows at the end of that time of all the various problems that confront India.

The right hon. and gallant Gentleman the Member for Newcastle-under-Lyme touched on more than one occasion in his speech on the future appointment of the Statutory Commission. The right hon. and gallant Gentleman knows perfectly well that the problem which is going to confront that Commission is one bound up almost entirely in the mentality of 320,000,000 people. The Commission's duty will be to decide whether the degree of self-government at present conferred upon India is to be extended, modified, or restricted. That is the problem in a nutshell, and that problem I submit is bound up entirely, however one may look at it, in the complex mentality of this great people. I can give instances both grave and gay of this mentality. The right hon. and gallant Gentleman has, as I know, a friendship with one of our former great pro-consuls, whose friendship I also enjoy. This great administrator to whom I allude told me

of a story that he claimed happened to him, and which all of us who lived in India know, illustrates the extraordinary aspect of Indian mentality. He told me of how one morning he was walking before breakfast in one of the great towns of his Dependency and came upon five Post Office servants with the paraphernalia of their office piled up in a heap seated at the side of the road playing cards. He addressed them in careful and correct Hindustani, and abjured them to realise that as servants of the Sirkar the worst possible crime that a postman could commit was to indulge in any recreation whatever until all his letters had been delivered; then there arose from this body of five an ancient patriarch with a white beard, who, in tones in which injured innocence struggled with respect, replied, "Sir, we are not postmen! we are not postmen! we are telegraph peons." That will give an idea of the gayer side of their mentality.

Let me touch, if I may, on the far greater and far deeper problem to which the Noble Lord has already alluded in this connection. There are, I believe, I do not know what the latest census puts it at, but I should imagine that the population of India to-day, including all the native States, numbers some 320,000,000. Out of those at least two-thirds embrace one of the great religions of India—the Hindu religion. The right hon. and gallant Gentleman the Member for Newcastle-under-Lyme has, I believe, himself said in this House that the East is no longer or should no longer be characterised as the unchanging East, but that it is changing very quickly nowadays. I can only accept that with qualified approval, because there are certain problems and aspects of Indian life which are just as much unchanged to-day as they were two or three generations ago. [*Interruption.*] But what I am alluding to are those age-long religions, age-long customs, age-long prejudices, age-long traditions. All these are inseparably bound up with any problem which has to be settled when you are deciding whether a degree of self-government is to be extended, modified, or restricted.

Colonel WEDGWOOD: Do you say you do not think there is more free-thinking now than formerly?

Sir F. NELSON: On the contrary, I say there is now a great deal more free-thinking in India, but I am alluding to problems which are going to confront any commission which is going to decide how the future government of India is to be conducted. After all, are we not faced with this problem in the East, and—and here I allude more directly to what the noble Lord touched upon more than once in his speech. Here you have a mass of people, a great number of the families of whom have been founded by means of child marriages, sometimes the girl-wife is nine or ten or eleven years old, and the boy husband probably not more than 13 or 14. For generations this people has been founded to a large extent by marriages started on that basis. Hon. Gentlemen above the gangway may say, "What have the British Government done in order peacefully to persuade any change in this very delicate subject to which I am alluding?" By means of education, social legislation, and by means of pressing eugenics and hygienics, we have done everything in our power to point out to these great masses the possible danger to the future well-being of the people by a continuance of these customs. But it must be remembered that direct Legislation would cut at the very root of a religion embraced by two-thirds of our fellow Indian subjects. After all, we are bound to recognise that the whole vitality, the whole intelligence, the whole intellectuality of the people must be bound up in this custom which their religion permits and recommends, and until the free thinkers, which I gladly admit are increasing, take hold of this problem to a much greater and in a more definite manner than they have so far done, the problem will always remain as to how you are going to confer either an extension or even full and free Dominion Government on a nation whose vitality, whose moral and material progress must inevitably suffer and whose intellectuality must inevitably suffer so long as this great religious custom and tradition remains as it is.

There has been much discussion in India and also in this country as to the personnel of the Statutory Commission which is, sooner or later, to be sent out. I have heard a great number of suggestions. I have heard it said that the members who are eventually

appointed should have no preconceived notions of India, that they should not be, possibly, retired administrators or retired pro-Consuls. I do not attach any importance whatever to that suggestion. You can have preconceived notions of India when you have never been to India or, at most, only on a fleeting cold weather visit. What is really wanted is not whether the record of the public-spirited men who will eventually accept service on the Commission have been in India or not; what we want is the man himself, a man with time at his disposal and who is willing to make a sacrifice, and it will be a great sacrifice of time and possibly health, perhaps a sacrifice of peace of mind—for whether extension, modification or restriction of the present degree of self-government is recommended, there will always be a large and vocal body of opinion combating such a verdict.

I feel absolutely convinced that the great problem in front of this Statutory Commission,—here I join with my right hon. and gallant Friend the Member for Newcastle-under-Lyme in believing that it will be the great problem of the future of India—is the personnel of the Commission. I can only enjoin upon hon. Members above the gangway in discussing the Statutory Commission, never to forget that the atmosphere which will be found in India when that Statutory Commission begins its work will be one very largely composed of the results of speeches made by Members of this House who think differently from me on this subject. The right hon. and gallant Member for Newcastle-under-Lyme can play a great part in this respect. I have great personal regard for him, and I know that his words are read all over India. I have read them in the vernacular newspapers in India, and they are read with very great respect and great interest by the Indian people. What a chance he has missed to-day, and one which I am sure he will regret in the future, in that he has not endeavoured by means of a long well-thought-out discourse, of which he is so capable on this subject, to help on that atmosphere, so that the Commission, which we both agree has an enormous task before it, might have entered upon their duties possibly under better conditions.

Sir ROBERT HAMILTON: Two years ago the noble Lord, the Under-Secretary of State, likened himself to a Derby dog having its annual run. To-day, he reminded me rather of a racing greyhound, not only for the great amount of ground which he covered in a very short space of time but for the remarkable skill with which he topped the different hurdles in his course, but, like the right hon. and gallant Member for Newcastle-under-Lyme (Colonel Wedgwood), I noticed particularly that one important hurdle, the Statutory Commission, was not on the course, and I think the Committee will regret very much that nothing was said in regard to it.

Earl WINTERTON: Because I had noticed it on a previous occasion, and dealt with it.

Sir R. HAMILTON: I am sorry that I was not present then. The matter is one of such vital importance at the present time that I have risen solely to say a few words in regard to it. We are aware that the Government of India Act has certain great defects. I will not refer to it at any length, but will content myself by saying that any Act which has a division of responsibility in it, such as that Act has, must be subject before very long to very grave review. That Act started with a bad atmosphere. The post-War atmosphere was exceedingly bad for a Reform Act. The state of unrest in which the whole world was put and the new ideas that were fermenting, were naturally bad for the working of the reforms.

I agree with the right hon. and gallant Member for Newcastle-under-Lyme that what has overshadowed the working of that Act more than anything else is the shadow of 1929, and the Statutory Commission. So long as the minds of the people are concentrated on that one idea of self-government, it is impossible to get them to devote the amount of attention that we would like them to devote to other matters. I would remind the right hon. and gallant Member for Newcastle-under-Lyme that the resolution of the Liverpool Conference of the Labour party which he quoted hardly differs one jot from the preamble of the

Government of India Act. The object of the Act is there stated as being:

"The progressive realisation of responsible Government in British India as an integral part of the British Empire."

Those, in other words, seem to state what was stated by the Conference at Liverpool. It cannot be too often repeated, in order that the constant repetition may make it better known in India, that the people of this country and the Members of this Parliament are determined to see that Act implemented. We have to assure the Indian people by every manner of means we can, that the British people, the British House of Commons, with whom the great responsibility lies, and the British Government are determined, as far as in them lies, to implement the promise contained in the Government of India Act of eight years ago. In that Act, the Statutory Commission was fixed to be held in 1929. There is no reason why the Commission could not have been held earlier. The year 1929 was ten years from the passing of the Act, and we are now in the year 1927. The Terms of Reference which are stated in the Act for the guidance of the Commission are of the very widest—whether it should be extended, modified or restricted. Some of us, many of us, think that the architecture for the building of the reforms might be very profitably modified in various directions. Some of us think that the style of architecture chosen is not suitable to Indian ideals and that bricks made in London are not perhaps the most suitable for building a magnificent edifice in India. However that may be, the Terms of Reference are of the very widest.

The reason I am stressing this point is that the whole future of India and the whole future of our relations with India depend upon the Commission. The personnel of that Commission is of vital importance to us in this country, to India and the whole Empire. In this connection, may I make a suggestion to the Noble Lord? The importance of the selection of the Commission is vital. We have seen in past years the very great advantage which different parts of the Empire have gained by the interchange of opinion through the Parliamentary delegations that have gone to different parts of the Empire. Would it not be possible for an important and carefully-

chosen delegation to go from this country to India, say, in the next cold weather, to discuss questions and create a different atmosphere from that which exists to-day? If we can create a different atmosphere by the time the Statutory Commission is appointed it may mean all the difference between success and failure. I have risen for the sole reason of throwing out that idea for consideration, and I hope it will receive some attention not only from the Noble Lord himself but, as this is a matter for the House of Commons, that the House of Commons will consider whether it might not be of great advantage to us when we come to appoint the Statutory Commission in 1929.

Sir HILTON YOUNG: Let me join in the general expression of appreciation for the admirable and interesting survey which we have heard from the Noble Lord. We have learnt to look forward to the occasion of an Indian Debate as one on which we have an opportunity to hear from him all that he can so interestingly tell us. Let me next refer to the speech of the right hon. and gallant Member for Newcastle-under-Lyme (Colonel Wedgwood). He argued for an acceleration of self-government in India and, in particular, for an acceleration in the appointment of a Royal Commission. Amongst many brilliant and mixed metaphors he compared the future self-government of India with the appointment of a prefect, and he told us that the appointment of a prefect was a factor in the development of the character of the lad. What he did not tell us was that while the appointment of a prefect would materially improve and no doubt develop the character of the lad, that it had other effects. It may be extremely good for the lad himself, but bad for the house; it may be very bad for the little boys in the house. I do not mean to say that the case is a clear one, but I think his metaphor is double edged. It appeared to me that he based his argument for this acceleration of self-government in India on a most profound misapprehension of the present course of events in the Indian Empire. According to him, matters will never improve in India because of the constant preoccupation with the idea of suppressed nationality. Let me venture to give in two words what appears to me

to be a truer state of the case, as derived from personal knowledge, which I admit is most inadequate and somewhat slight.

About six years ago I visited India on work which brought me into contact with all sorts and conditions of our Indian fellow subjects. Last year I repeated that most enthrallingly interesting experience. I have, therefore, the advantage of being able to make a comparison of the conditions at an interval of five years I should say that during that interval there had been the most enormous improvement in the relations between the British and Indian subjects, and that this most emergent and convincing circumstance was not only evident at the top. It was not only amongst the leaders of Indian thought and the leaders of the British that the relations are much more friendly and co-operative—it was not only there, at the top—but what I lay stress upon is this, that as between the officers of the countryside and the humble Indian people the relations have enormously improved. Six years ago you heard upon all hands that the relations were most dangerously strained, that they were positively hostile; and a year ago you heard on all hands the happy tale "We are back to the old state of affairs, we are all friends again in the countryside." That is one great change.

There is another great change which struck me as most remarkable and which directly disproves the contentions of the right hon. and gallant Gentleman. He said that India is preoccupied with the fever of suppressed nationality; those may not be his exact words, but that is the impression I derived from his observations. What struck me so forcibly was the remarkable alleviation which was in progress in that feeling. The subtle and strenuous and never resting intelligence of the Indian people was rapidly growing completely discontented with the merely negative attitude of the extreme nationalist politician, and that it was now turning with increased interest and attention to the practical and constructive work of life. This was not only in politics. It struck me less in politics than in the economic and industrial life of the country. What seemed a most encouraging feature of this was the growing attention that was being paid by the young intelligent Indian to a pra-

[Sir H. Young.]
tical career. Typical of this new phase of Indian life appeared to me to be the great institution which I had the benefit of seeing, the Hindu College at Benares. There, the most prosperous institution was the great engineering school. How different from the conventional idea of Indian interests, that the technical training in the engineering school should appear to me to have been the most active school in that great college!

Let me go further, if I may, and widen the sweep a little. One could not but think that it was possible to detect the constant growth in the minds of our thoughtful Indian fellow subjects of a conviction of the essential necessity to each other of the Indian Empire and the other members of the family of nations, which is the British Empire; a profound conviction growing upon their part that India was substantially necessary to the Empire; a new ideal of a united Empire as a great economic self-contained unit, producing its own raw material and providing itself with its own markets for consumption. Indians can now conceive the Indian Empire as a most essential member of that family, and they are beginning to understand that, if they are to look with confidence to the future, the Indian Empire must realise its importance as a unit in the structure of the economic British Empire. As a corollary of that, one notices the growth of the sense of conviction on the part of our Indian fellow subjects that the British Empire is necessary to India. The most conspicuous fact, of course, about that peninsular continent is the vast diversity of religions, races and communities, based upon other distinctions, and particularly the enormous complexity of language. To put the matter briefly in a sentence, it seems to us that, just as India is coming to realise that the English connection is a necessary cement to bind and hold together the complexity of India, as expressed in the complexity of its speech, so the surface of the Indian fervour is necessary to hold together that great complex community, owing to the vast variation of customs, ideals, habits and manners, in various parts of the continent.

The right hon. and gallant Gentleman bases his conclusion for an acceleration with respect to the Commission upon the

assumption that things are going from bad to worse. I have no opinion to express as to what the rate of acceleration as regards Indian self-government or as regards the Commission should be. I would only say that the conclusion upon which the right hon. and gallant Gentleman bases his arguments is unsound, that the true state of the case is continuous amelioration of conditions, and that a decision as to the rate at which to proceed with self-government, and as to the date of the appointment of the Commission, should be made on the assumption that things are continuously improving and not that they are getting worse. The right hon. and gallant Gentleman put up, in order to knock down, the argument that things should be left alone because they are stagnation. I believe that that is an equally inaccurate description of the state of affairs. There is not a stagnancy; there is a constant approximation of the two elements together in the spirit of co-operation, and a constant growth of the conviction upon both parts of the necessity of the one to the other.

Before I conclude, let me turn aside to take a few brief steps into the dreary wilderness of finance. The Noble Lord, in his most interesting account of affairs, referred to the cessation of the Provincial contributions. I was responsible, with Lord Meston, for the Meston settlement, under his great knowledge and experience. Let me, therefore, take this occasion to utter a word of the most sincere congratulation upon the cessation of those contributions. They were a necessary evil, but they were undoubtedly an evil. I refer to that topic only in order to have the opportunity of saying in this House a word which may perhaps be said with justice and advantage, and that is a word of congratulation upon the brilliant financial administration which has made it possible to get rid of this very grave disadvantage in Indian finance—the brilliant financial administration of Sir Basil Blackett under the two Viceroy, the Marquess of Reading and Lord Irwin. No greater and more rapid change has ever been produced upon the financial scene than has been produced upon the financial scene of India during his term of administration, and no change in the history of financial administration has been more definitely due to the brilliant

inspiration of a master of his subject, backed and supported and maintained throughout by the most able co-operation of one of the most accomplished Civil Services in the world.

As regards the Currency Bill, to which the Noble Lord referred, this is also an occasion for congratulation of the Government and of the people of India upon having cleared out of the way one of the most vexed and vexing subjects of financial controversy, the ratio of the rupee. There remain still two very substantial advances to be made. I will not say more than a few sentences upon the work that still remains to be done as regards the reform of the Indian scheme of finance and currency. All that I can do with propriety on this occasion is to express the profound conviction that in the establishment of a reserve bank upon the principle proposed by the recent Royal Commission, there awaits for the people of India an enormous boom in the concentration of banking and currency reserve and in the transfer of the control of currency to the hands of business and financial experts. The work has been done with great devotion by the Indian Government. The control of currency is not a proper function for Governments. It has led to infinite political friction in the past, and it will be a bright day for the people of India when the causes of that friction at last are removed, when the control in this matter, so vital to the life of India, is put into the hands of a purely Indian institution operating upon the spot. In the past, control of Indian currency has necessarily been divided between the Government of India and the India Office. That in itself was an evil which was necessarily exercised at some distance, that is, from London, as regards some particulars. That was an evil. All these evils will be removed by the establishment of a reserve bank in India.

Secondly, as regards the standard of the currency, all that can be said with propriety by me is a word of profound conviction as to the enormous benefits that await the Indian people in the basing, for the first time in history, of the rupee currency upon a standard of solid gold. What is most needed—and this is so well known to everyone who has studied economic conditions in India

—what is most needed for the prosperity of the Indian people is confidence enough to serve as the foundation for the growth of the habit of investment and of banking. The chief, and indeed, up to the present, the only obstacle in the path of an enormous development of the economic prosperity of the peninsula Continent, is distrust of all sorts of value except the precious metals. That distrust can be rooted out and confidence can grow only upon a firm relation of the rupee unit to gold. Upon those advances in the currency system of the country depends, in the opinion not only of inquirers but of all interested in the subject, the brightest hope of the material prosperity of the Indian people in future.

I say this single word, in conclusion, upon that subject, that it has to be remembered that under present conditions it is impossible to reconcile the scheme of the Royal Commission with coining gold for circulation. One may utter a word of caution and of warning which would be a word of most earnest caution to those concerned in educating public opinion in India, not to grasp at the mere shadow of the gold currency in circulation and to lose the substance of that stable gold standard which should serve as the foundation of the house of prosperity for the India of the future.

Mr. PETHICK-LAWRENCE: I do not propose to follow the right hon. Gentleman into a discussion of the finance of India. If I were to do so I should find myself at some variance with the policy of deflation in India, of which he was a prominent advocate.

Sir HILTON YOUNG: I must ask the hon. Member to give some authority for the assertion that I was in favour of a policy of deflation in India. To anybody who is acquainted with my labours there, I submit the assertion is simply fantastic.

Mr. PETHICK-LAWRENCE: The right hon. Gentleman says it is fantastic to assume that he was in favour of deflation. The right hon. Gentleman's policy was the restoration of the rupee to 1s. 6d. and that is deflation. If the right hon. Gentleman does not call it deflation, I do not know what deflation is.

Sir HILTON YOUNG: It is, of course, impossible to argue so technical a subject in this way, but acquaintance with the report of the Royal Commission would have shown the hon. Member that the whole argument of the Royal Commission was that there was no deflation in stabilisation at 1s. 6d.

Mr. PETHICK-LAWRENCE: I do not think it is a subject which we can discuss in this way. Personally, I regard the policy of carrying the rupee up to 1s. 6d. as deflation. The right hon. Gentleman is entitled to differ from me on that point. If he does not like the word I have used, I will simply say I should find myself at variance with his policy with regard to the value of the rupee, which, in my opinion, was responsible for a very great deal of the difficulty through which India has been passing. However, as I have said, I do not rise to follow the right hon. Gentleman into a financial discussion. My object is to deal with the larger issue raised by my right hon. and gallant Friend the Member for Newcastle-under-Lyme (Colonel Wedgwood). I listened to the earlier part of the speech of the right hon. Gentleman the Member for Norwich (Sir Hilton Young), and I cannot quite understand his attitude with regard to the speech of my right hon. and gallant Friend the Member for Newcastle-under-Lyme. The Under-Secretary interrupted the hon. Member for Orkney and Shetland (Sir R. Hamilton) to point out that he had not dealt here to-day with the question of the Statutory Commission, because he had already referred to it when this subject was before the Committee three weeks ago. I cannot charge my memory with the exact words of the Noble Lord on that occasion, but I think they were to the effect that the time was rapidly approaching when he would be able to make some statement on the subject of the Statutory Commission.

Earl WINTERTON: I did not say anything of the sort. What the hon. Gentleman says I said bears no resemblance to what I said.

Mr. PETHICK-LAWRENCE: I am speaking from memory, and therefore I am quite in the hands of the Noble Lord. He certainly did say that the Statutory Commission was drawing very much nearer.

Earl WINTERTON: By the efflux of time.

Mr. PETHICK-LAWRENCE: By the efflux of time certainly, but it was drawing nearer, and some of us gathered from that statement—quite erroneously no doubt—that there were hopes of hearing something more about it on the present occasion. In those hopes we have been disappointed. Though we listened with the greatest interest to the facts and figures of the general statement which the Noble Lord gave us, and though we differ with some of his conclusions—not all of them—with regard to those facts and figures, yet we consider that this larger issue of the Statutory Commission and all it involves is the real issue which interests the people of this country and the people of India to-day. It is only natural that it should be so, because in that question is involved the whole momentous issue of the future of India. India, viewed from the standpoint of population, is the most important part of the British Empire, and with the future of India, in my opinion, is bound up not merely the destiny of that country, but of the British Empire. It is not only those who sit on these Benches who are concerned with and committed to self-government for this great part of our Empire. That is part of a policy which has been definitely set forward by the Government of this country and in all parts of the House of Commons. All parties are committed to a change in that direction.

A great feature of the British people is their love of liberty and self-government. There was a time when the people of this country thought that the sole repository of government rested within these islands and, as a result, we had the war with the Colonies in America, and we lost what is now the United States in consequence. That war made the very important precedent that so far as people of our own kith and kin were concerned when they wanted self-government it could not be denied to them. Then we had the case of Ireland. I do not think I should be quite right in describing the people of Ireland as of our own kith and kin. They are people of a different race from the English and the Scottish but, even there, we did not withhold self-government to the point of causing civil war. We withheld it

longer than was desirable, but we stopped short of civil war and, rather than go through civil war, we accepted the self-government of the Irish people.

Now the question which we have to face in regard to India is this. Are we willing to concede, and can we successfully set up a system of self-government in a part of the British Empire which is inhabited by races, differing in colour, religion, habits and qualities from ourselves, and from one another? Hon. Members opposite and probably the Noble Lord himself will say that that is a problem of supreme difficulty and some of them imagine that we on this side do not recognise its difficulty. Personally, I fully recognise the supreme difficulty of doing anything of that kind, but it is a difficulty which has to be stood up to and squarely faced because on its solution depends not merely the position and the health of India but the stability and the wholesomeness of the whole British Empire. If we succeed, we shall have put to our credit an achievement unique in history, because, never before in the world, has one country conceded to another country of the size of India self-government for its own affairs. If, either through lack of psychological imagination or of administrative capacity, we botch the business, no excuse will serve us. If in place of creating healthy self-government in India, we produce in that part of the British Empire a festering sore, it will infect the British Empire and make it very doubtful whether that Empire can exist, except utterly weakened and enervated in the future.

Personally, I am not afraid of the administrative capacity of the people or the government of this country. I believe that the thing which has marked the people of this country all through recent history is their amazing genius for administration. The British people, to a greater extent than any other people in the world, are able to see the wood—they are not prevented from seeing the wood by having their attention concentrated on the trees. I am not quite so sure about our psychological imagination, and the question which we have to face to-day is whether we can rise above our qualities and build a structure which will really last. What are the main difficulties that we have to face? In the first place, we are confronted with a people widely different from ourselves, with regard to

whom it is not easy for us to stretch our imagination so as to understand the roots of action. Many qualities on which we in this country pride ourselves are not possessed in the same degree by the Indian people. They do not consist of a single race, but are a continent of races. India is not unilingual, nor bilingual, but polylingual. They are people who have had little or no experience of self-government. In their own rule, in times past, they have been largely governed autocratically from above. Many of the people of India have had little experience of self-defence, and great masses of the people of the country to-day are hopelessly ignorant and in destitution and poverty.

It is no part of my present purpose to follow the Noble Lord into the question of how far the rule which we have established in India is responsible for some of these things, such as poverty and ignorance. Those who are opposed to British rule attribute to our Government responsibility for a great many of these things, but that is not a matter upon which I wish to enter at the moment. I am not now concerned with what happened in the past; I am thinking, and I am quite sure the Government of India are thinking, of the future, and of trying to build up, not by mutual recrimination, but by mutual co-operation, a future which will stand the test of time. Therefore, we have to admit these difficulties, and we have to admit the more immediate practical difficulties which confront us when we are thinking of the conferring of complete Dominion Home Rule upon the people of India.

There is the vital and important question of the Army, of how far it is possible to construct, from the Indian people themselves, an Army, and to a lesser extent a Navy, which will really enable them to take a part in governing themselves, which it will be quite impossible to do while they are dependent on the British Army to secure them from foreign aggression or from internal disorder. Then there is the very grave question of the administration of the Indian States. The relationship of the parts of the British Empire in India to the Indian States is one which will need most careful adjustment before complete self-government can be conferred upon British India. Finally, there is the question of

[Mr. Pethick-Lawrence.]
the Civil Service and how far, under any change of system, the present British members of the Civil Service will be able to continue in their work. All those are matters of very great difficulty, and I, no less than hon. Members opposite, realise that those are only some of the immense difficulties that confront us when we attempt to solve this problem. But I want to say that, in our opinion, the dangers of not proceeding are very much greater than the dangers of proceeding.

The right hon. Member for Norwich seemed to imagine that we, on this side, wanted to rush things and come to a premature and unnecessary

2.0 p.m. decision. What we do want to do is to take this very favourable opportunity of coming to a settlement. The right hon. Member for Norwich accused my right hon. Friend the Member for Newcastle-under-Lyme of saying that things were getting worse and that, therefore, we had better hurry up and do something before they got so bad that it would be impossible to bring about a satisfactory result. I think he misunderstood the argument of my right hon. Friend, which was that things were at present in a comparatively quiet condition, and that it was most desirable to take this opportunity of bringing about an effective and amicable settlement of this problem.

What is the line of action that I would recommend? In the first place, want to put this question. Are we really in earnest in desiring that the people of India should have complete self-government? I think we are. I know that we, on these benches, and I think the great bulk of people in this country and the great bulk of Englishmen in India, are desirous of doing that, and of really fulfilling, practically and in a reasonable time, the express statements put into the Government of India Act. At the same time, we ought to recognise that there is a certain number of Englishmen who take a different view. I have talked to Englishmen who are working in India, who have said to me that while they, of course, agreed with granting complete self-government to India, they thought the time ought to be indefinitely postponed. I do not think that represents the best opinion in any part of this House, nor of many Englishmen in India who

have expressed themselves as quite willing to work towards a speedy realisation of self-government, and, when that self-government became an accomplished fact, to fulfil a loyal part in trying to make it a success.

At the same time, I think there is a great deal required to prove the earnestness of the people and Government of this country in that attitude towards India. I do not think it is altogether surprising that there should be a certain amount of scepticism in India as to our real intentions in this matter. They have heard for a very long time past all the professions of our good will, and they have not found in times past that we were prepared really speedily to implement them. Therefore, it is very natural that they should be sceptical, and I think we have to take steps to dispel that scepticism, and one of the steps that I feel to be most important is that we should recognise their equality of status. After all, people will fight for status with at least as much vigour and determination as they will fight for liberty, and it very often happens that, when people ask for self-government, what they are still more concerned about is equality of status. So far as my observation goes, the sense of inferiority of status that is imposed upon Indians by many representatives of this country out there is the most serious thing which they have against our rule in that country, and I hope that every means possible will be taken to dispel that attitude. It may be that we do a great deal of practical work for the people of India, which their training or qualifications do not fit them to do for themselves.

There are two ways of doing that. Take, for instance, the legal business which is done for some person who are not capable of managing their own legal affairs. The family solicitor, while managing affairs for his clients, does not impose upon them a sense of inferiority, whereas someone else taking an attitude of management may succeed in rousing in the person whom he is managing a sense, after all, that he is a person not worthy of consideration. I think that is of the greatest importance, and it comes into this question of the Statutory Commission. It will make all the difference to the acceptance of the findings of that Commission in India

whether we take one of two attitudes. Shall we take the attitude that we are appointing a Statutory Commission in order to decide what is good for India, whether the time has come to hand over to the people of India additional lollypops in the shape of approaches to what is asked for, or shall we take an entirely different attitude? Shall we go to the people of India and say, "We admit that you are anxious that this great country shall become a self-governing part of the British Empire. Now we want you to sit down with us and face the practical difficulties, and consider how soon and in what form this change shall take place. We want you with us, to find out what are the transition stages, and how best they can be bridged."

That can only be the case if the Government, in appointing this Statutory Commission, take care that they appoint upon it not merely members of this country of different views, not merely, perhaps, a number of Colonial statesmen, but also members of the Indian races themselves, and members who will really command respect by being representatives of the popular view in that great country. If they do that Members opposite may say, what hope is there of coming to any agreed and satisfactory report? With regard to that, I would like to call attention to the Sandhurst Committee. You had on that Committee Indians and Englishmen sitting together on a very intricate and vexed question. You had, after they had sat for some time, a unanimous report, because you had the wishes and the feelings of India and the practical mental working of the English men co-operating together to produce a scheme. I hope it may be possible, in the same kind of way, to get a satisfactory scheme to deal with this much larger issue of the whole future of India, and when the Commission is appointed I hope that the Government will encourage the Commission to take a large view. Of course, I know quite well that the Government will not, in so many words, limit the Commission's activities, to prevent it taking the wider view which all people of India might support, but I want them to do everything in their power to free the Statutory Commission from any idea that they want a narrow decision arrived at. And when the Commission report—that is, perhaps,

looking a long way ahead—I hope that they will not take a narrow interpretation of the recommendations to which that Commission may come.

But the great point, after all, is the one which was made by the right hon. and gallant Gentleman the Member for Newcastle-under-Lyme. We on this side of the House are not so foolish as to ask that immediate, complete dominion self-government should be conferred upon the Indian people. We recognise that there are a great many things that must necessarily take place before that will come about. I do think the recommendations of the Sandhurst Committee have got to be put into immediate operation. That is why I regret very much the Government have made no start in carrying out those unanimously recommended proposals. But what we are asking is that the day of the lollypop shall cease, that the day shall have gone by when we can say that we in our pleasure will hand out, as we think fit, instalments of self-government. What we are suggesting for the Statutory Commission is that it shall fix the date when complete self-government shall come about, and that the steps necessary between that shall not be steps which it will be in the power of this House to withhold, but shall be steps of transition, arranged in advance in the Act which will have to embody the findings of the Commission.

I have already detained the Committee longer than I intended, but I do want to say a final word. This is, perhaps, the largest enterprise to which this country has ever put its hand. It is, perhaps, the largest enterprise to which any Government in the whole history of the world has ever committed itself. This is a question of the future rule of no less than one-quarter of the people of the whole world. We may fail. We may not succeed in establishing a Government of India on self-determining lines. But if, in spite of all the difficulties, in spite of all the obstacles of interests, or obstacles inherent in the problem, we are able to create a great self-governing part of the British Empire out of a people so different from ours as India is different from this country, we shall be able to look forward to the certain admiration of posterity.

Brigadier-General CHARTERIS: I think the Committee will agree with me that both the speech to which we have just listened and the speech of the right hon. Gentleman from the Opposition benches look at the problem of further extension of self-government to India from a point of view which can only be that of people who have not been very closely connected with the Government of India in its more intimate aspects during the last few years. After all, to whom are we in this country ultimately responsible for our success or failure in this gigantic problem which we have undertaken in India? We are, of course, responsible, first and foremost, to the vast mass of the people of India themselves, whose happiness and future depend entirely upon how accurately, how carefully and how safely we take each step in the path we have chosen. Then we have a responsibility, I think, to our own country. We have undertaken this experiment. If it fails, the reaction on our own future as an Empire will be enormous, and the reaction on our own people will be fatal. We have a responsibility also to the whole world, because we are making a great mistake if we imagine that a false step in India, brings about, as it well may, disaster and chaos in a great area of the East, is going to be restricted in its effects to India alone. If confusion, anarchy and chaos arose in India on the scale which is now seen in China, the reaction would extend far beyond the barriers of India itself, far beyond the East, and right into Europe itself. Therefore, while we all listened with the greatest interest and appreciation to the hon. Member, whose intellectual gifts I in common with all the rest of the House admire, I hope he will forgive me for saying that I think he took rather a doctrinaire view.

I should like the House to consider how the problem of the extension of government presents itself to others who are in the same position as myself, who, if I may say so with diffidence, have spent a great part of my life in India under various departments—in the Army, in the Public Works Department, in the Civil Service and in the Diplomatic Service. The right hon. and gallant Gentleman the Member for Newcastle-under-Lyme (Colonel Wedgwood) and the hon. Member for West Leicester (Mr. Pethick-

Lawrence) spoke on this subject as if all India were aching for self-government, were looking expectantly to this country to see what she was now going to do and what further steps she was going to take. Is that the case? Can one obtain any confirmation of that point of view from those who are intimately acquainted with the people of the upland areas of India, the people away from the cities? I do not think it would be any exaggeration to say that of the 300,000,000 people in India not 100,000 have ever heard a mention of the words "constitutional reform" or have the least idea of what is meant by the words "statutory commission." The right hon. and gallant Member for Newcastle-under-Lyme spoke as if the further grant of self-government to India was going to give them freedom. How would that gift of freedom appear in the minds of those people, hundreds of millions of people up-country in India, if by it you are going to destroy order, destroy their peace, lay them open to famine and the interruption of all the advantages which our system has given them? Would they value that freedom or would they despise it? If the choice were given to them, and they had enough knowledge to make up their minds, they would say without any hesitation, "Let us continue the rule under which we have benefited; let us continue to enjoy the advantages which have been given to us, and let this academic question of who we are governed by be settled in a time when education is more advanced." As things are in India, it is no exaggeration to say that the whole demand for a further advance in self-government comes from a very small proportion of the people—an educated portion of the people, an able portion of the people, whose motives I do not intend to decry, but a portion of the people about whose judgment on this important question I have grave doubts.

It is common in this country to think that in the communities up country, the agricultural and rural communities, the people want to be governed by one of their own race. No greater mistake could be made. It is common knowledge to all who have served in India—I say it with no disrespect to the intelligence of the Indian people, many of whom I know well and amongst whom I have several personal friends—that when an Indian is appointed to an executive office, no

matter how capable he may be, no matter how good his record, the next morning the official making that appointment opens his postbag with the certain knowledge that he will have communications from the people over whom that Indian is placed asking that a European should be appointed in his place. I mention that not to suggest that the Indian is not just as efficient an administrator, but to show that there is no desire and no anxiety on the part of the great mass of the people for a further extension of self-government.

May I go on from this to disabuse hon. Members opposite of any impression which I may have given that we on these benches, and, still more, those who, like myself, have lived in India, wish either to put the clock back or to refuse to India the expectation ultimately of self-government? We do neither one nor the other. We do not want to go back on what has been done, nor do we think that what has been done is wrong. Long before Mr. Montague produced his reform scheme there was amongst the officials, military and civil, in India a very widespread feeling that something was overdue in the way of reform.

Earl WINTERTON: Hear, hear!

Brigadier-General CHARTERIS: It has been thought in this country that we in this House stepped in like omniscient and beneficent autocrats and, against the wishes of the officials in India, bestowed a measure of reform on that country which the people desired and deserved. That is not so. Equally with people in this country, officials in India realised that some step forward was overdue. I do not say for one moment that they were unanimous in their approval of the length of the step taken. Unanimity on that would be impossible, and there are many who, like myself, although wishing some step to be taken, did think at the time that the step was too great, and have been astonished at the measure of success, small though it may be, which has attended the grant of the Montague reforms. To all who know India it is remarkable that those reforms are already showing signs that they will eventually work with great success throughout the whole of India, and we can welcome that success with great pleasure, even though we have to admit that in the beginning we did not foresee it. Are we now to

take the further step advocated by the right hon. Member for Newcastle-under-Lyme and the hon. Member for Leicester?

Mr. PETHICK-LAWRENCE: We undertook to do it in the India Act.

Brigadier-General CHARTERIS: What I was going to say is, "Are we now to take that step and say we will definitely fix the date by which we shall give to India a full measure of Dominion self-government?" I understood that the right hon. and gallant Member for Newcastle-under-Lyme made that definite request—that we should fix the date now. Such a thing is entirely impossible in the present state of affairs. We can take a step forward one day under the safeguards of the preamble of the Reform Scheme, and no doubt such a step will be taken, but to attempt now to fix a date by which we shall finish the enormous task we have undertaken, to raise hopes which might not finally be fulfilled, to fix a date which we might have to alter, would be a foolish undertaking on the part of this country.

May I now turn to one or two of the other points mentioned by the Minister in the most admirable survey which he gave us in his speech? I wish to refer to the pleasure with which all on these benches heard that the recruitment for the Services in India is on the upward grade. I can, from my own personal knowledge, reinforce what he said. I have much correspondence with officials in India. Civil Servants, anyhow, are finding work in India under the Reform Scheme thoroughly congenial and thoroughly interesting; it is giving them full scope for all their ambitions and all their desires for service. I was also glad to hear that the Indian police, on whom so much depends, are obtaining their full measure of recruits. I would have liked to hear, and I hope I shall hear if the Minister speaks again, that recruitment is equally good in the Public Works Department. I am not sure about that. I have reason to think there is some difficulty in getting officials for the Public Works Department, and I should like to be reassured that it is not so.

The Minister told us we are not getting the full complement of officers that we need for the Indian Army. That is a very grave problem, and I welcome the

[Brigadier-General Charteris.]
 promise of the Under-Secretary that it will not be lost sight of. I do not agree with the Noble Lord in the reason he gave as to why the hereditary families of this country would not send the younger members of their families into the Service. The reason is that the officers of the Indian Army and the British Army are drawn from the same class. Before the War it was very difficult indeed for a person without private means to live in the British Service, and in the output of that hereditary class there was always a large proportion who, for financial reasons, were unable to face service in the British Army, and consequently they turned to the Indian Army. Those inequalities no longer exist. People with limited means can now live comfortably in the British Service, and naturally there is a reduction in the number of those young men wishing to go into the Indian Army.

But there is another reason. Since the War there has been a tendency amongst young people to seek their livelihood and their careers in this country and not go abroad. We hear sometimes of the difficulty in obtaining members of the chartered accounts' profession to go abroad, and this applies to other arts and professions. I think all that will change, and in time we shall get the full number of candidates for commissions in the Indian Army. I would impress upon hon. Members to always remember that after giving full value to the desire to follow a career in which there is a spirit of adventure, there must be and should be a very considerable increase in the amount of remuneration that the officer of the Indian Army gets as compared with the officer of the Army at home. Last year a great step forward was made in the financial aspect of military life by giving grants to officers on a more generous scale than has been the case before. It may be that that policy will have to be continued. I am not in favour of an indiscriminate increase of pay to young officers in India, but I am inclined to think that you will have to make further additions to the pay of the senior officers and the young married officers if you wish to keep up the number of recruits necessary for the Indian Army.

I was glad to hear from the Noble Lord his statement about the material benefits which have been conferred on India. He gave some interesting figures, but very often figures do not bring home to the mind the actual changes which have occurred. We have always got to remember in considering the problem of India that the really important part of the population of India is not to be found in the great cities. From our point of view in this House when we are dealing with this enormous Empire, the really important part of the problem in India is the vast population living up-country, far away from the cities. I have had some 30 years' experience in India. I have investigated the changes which have taken place in India up-country, and I can assure the House that there has been a most real and a very important advance in all that makes life worth living to those people who live in the up-country parts of India.

It is true that an enormous amount still remains to be done, but the salaries and wages paid in India are now higher and the means of communication have enormously improved. Education is becoming available for the people, and may I draw attention to the fact that the whole problem of India can be stated in one phrase "the extension of education." In that and in nothing else shall we ultimately find a solution of the Indian problem. In all these aspects and in everything that makes life worth living the position of the zemindar and the ryot living up-country has improved. There still remains the great difficulty against which the ryot has contended for centuries and against which he is contending now and will continue to contend for some time, and that is the fact that he was born in debt, lives in debt, and dies in debt to that class of parasite known as the Bunnia, the merchant. If this House could devise some means whereby the ryot and the zemindar could be made free from this evil we should be doing far more than can ever be accomplished by any academic discussion about advancing self-government in India or giving India a dominion status. If we could only accomplish that and free the zemindar from that evil it would bring happiness, contentment and real progress to more than one-half of those who inhabit the great Empire of India.

Mr. T. SHAW: The Under-Secretary of State for India spoke for an hour-and-a-half without wasting a single word, and he gave us a speech which was absolutely packed with information. Although I do not share political ideas in common with the Noble Lord, nevertheless I do admire good craftsmanship, and I am ready to extend even to my political opponents my appreciation of work well done. I am not going to follow the line adopted by previous speakers who are members of my own party. They have thoroughly covered the political ground I agree with them that the Commission should get to work as quickly as possible. I want to know what is the position in India at the present moment, and what is going to be done immediately? I am not so anxious to know when the Commission will report and what its report is likely to be. I heard with much interest the statement made as to the improvements that have taken place in India during the last few years, and I am glad to hear of any improvement in any part of the British Empire.

After all, what is the position in India after we have been ruling that country for a century and a-half? The fact remains that, in India, after 150 years of British rule, human life is still as cheap as dirt. Let me give one illustration which will show what I mean. In Bombay I saw myself six men carrying a piano on their heads as if there were no wheels, or any other means of removing a piano. That is making men beasts of burden. We have finished a century and a-half of government, and we still leave men in that position, to be bought for a few pence a day, so cheaply that it does not pay, apparently, to make wheels in order that men should not be beasts of burden. I am sorry to say these things, because it is no credit to us that this state of things should exist, and it is not even economic that work should be done in this way. One sees, in travelling, men walking up and down the long rod of a pump to depress it and let it rise like a see-saw. Everywhere one goes, one sees the same antiquated manner of doing work, which might have been good in the Stone Age, but which still exists in India after a century and a-half of our rule.

Lieut. - Colonel FREMANTLE: And sometimes it is the most efficient method.

Mr. SHAW: It may be the most efficient way of pumping water to walk on the rod of the pump from one end to the other, and depress it in a see-saw way, but, personally, I prefer other methods. I will say no more. I was much interested in the Noble Lord's remarks on housing. One must, of course, try and look at India objectively, and not from a party point of view. The hovels in Bombay, the chawls that are let by private landlords, are a disgrace to any humanity that ever existed in the world. Talk about dog-kennels! No self-respecting man would house his dog in these miserable, dirty, insanitary, dangerous hovels that one sees in Bombay.

Earl WINTERTON: Will the right hon. Gentleman bring out the fact, which it is very important that the Committee should know, that these are exactly the hovels which the Corporation is trying to do away with, and that 99 per cent.—in fact, 100 per cent.—of them are owned by Indians?

Mr. SHAW: I have it on my notes. I have seen, in Indian villages, scenes the existence of which I should have thought absolutely impossible. When I think of the stench, the dirt, the tumbling down of mud huts, the dogs eaten away by disease, one is appalled at the very thought of what exists. Britons have paid a terrible price in India for their Empire in the lives and health of thousands. After a century and a half of our rule, I cannot claim to be proud of our record.

Major PRICE: Can the right hon. Gentleman point out the remedy?

Mr. SHAW: I am afraid that the clock will prevent me from pointing out much more.

Brigadier-General CHARTERIS: Will the right hon. Gentleman explain how we are responsible for this?

Mr. SHAW: The hon. and gallant Gentleman himself said that the one thing necessary in India was education. We have been a century and a half in India, and 3 per cent. of the people have been educated. That is why we are respon-

[Mr. Shaw.]
sible. If we had educated these people the hovels to which I have referred would not be in existence to-day.

Earl WINTERTON: May I say that some of the worst of them belong to educated people?

Mr. SHAW: The educated people do not live in them.

Brigadier-General CHARTERIS: As one who spent 16 years in India, I assure the right hon. Gentleman that he is entirely wrong. Very highly educated people live willingly in dwellings that he or I would not live in.

Earl WINTERTON: Perhaps I might give a personal example, which I think will interest the Committee. I was recently in a village in the Punjab, the name of which I will not mention, although, if I did, I should mention it with reverence, because it has a record of service in the War which has not been exceeded by any village in India. I was shown a very tumble-down house, and was told that it belonged to a gentleman who had done very gallant service in the Army, and who, largely by his own efforts, and as a result of the education he obtained, has risen to a very high position. He preferred to live in this house. He was asked, "Why do you, after all the advantages you have had, go back and live in a house like this? You have plenty of land; you are a rich man; you could buy another." His reply was, "It has always been the custom of the country for people like me to live in these houses, and, perhaps, I am as comfortable in it as you are in your ten-roomed house." That is a personal example.

Mr. SHAW: But the hovels to which I am referring in Bombay are inhabited by the textile workers of Bombay, not by the textile employers of Bombay, and the village to which I referred is a village of the depressed classes, not of the educated classes. If anyone believes that the things of which I am speaking are deliberately chosen by the educated people in India, I think the best thing for those who believe that is to get it out of their heads. Let me turn to an example that has been shown by two native States, Baroda and Indore. Both of those States have deliberately em-

barked on a system of compulsory elementary education. I think that British India might well follow that example. I know it will be said that education is a transferred subject, and that, so to speak, the responsibility is now got rid of; but there is nothing on earth to prevent a forward Government from attempting to introduce the principle of compulsory elementary education in India.

Earl WINTERTON: They have done it in Bombay.

Mr. WARDLAW-MILNE: In Indore it has been suspended for want of teachers.

Mr. SHAW: In Baroda it is not suspended at all—

Mr. WARDLAW-MILNE: I did not say Baroda.

Mr. SHAW: The Gaekwar, through his Prime Minister, has, it is perfectly true, protested against the lack of interest on the part of his people, but there has been no suspension, and the Gaekwar himself is determined that compulsory education shall be the rule in Baroda. There has been no suspension, to the best of my knowledge. I wish now to turn to another matter. I cannot discuss it in full, but a very large number of the Indians to whom I spoke, who were violent Home Rulers, seemed to have, at the bottom of their political faith, a sense of personal injury. Over and over again, to my astonishment, I found that, in cases where educated and rich men had gone over to the extreme side in politics, they had at some time been subjected to some personal indignity at the hands of some fool—I can use no other expression—and a fool can do more harm than 10 wise men can repair. I can give one instance of a man who is now, I believe, wielding tremendous influence in India, and who is determinedly, not merely a Home Ruler, but anti-British, which is a very different thing. I believe, from what I have heard and from what I know, that that man's political career was determined by the fact that a young ass of a Briton took his head-dress off and threw it out of the train, because he ventured to go into a first-class compartment for which he had bought a ticket.

That kind of thing ought to be stamped out by the Government, because one experience of that kind, in a country that is beginning to seethe with political feeling, does a very great deal of harm. I want to refer to the actual physical violence that is used by Britons on Indians, and I am going to refer to a case that came under my personal observation, in which a man was brutally beaten by his employer. I can scarcely find patience to describe what I think of a man who will deliberately inflict punishment on a man who for many reasons cannot hit back. I can understand a man beating another man if the other man has a chance of striking back, but the man who will deliberately inflict punishment on a man who cannot strike back is to my mind a bully and a cad, and ought not to be in the British service.

Sir CHARLES OMAN: What about pickets?

Mr. SHAW: I have given my opinion, that the man who will beat another who cannot strike back is a bully and a cad. That is my opinion. [*Interruption.*] I will go further, and say that an officer who does it ought not to be the Service.

Sir C. OMAN: Not a man—only an officer?

Mr. SHAW: I will repeat again, for the benefit of the hon. Gentleman, that in my opinion a man who does it should not be an officer, because he has not the necessary self-restraint that an officer ought to have.

Brigadier-General CHARTERIS: Probably the right hon. Gentleman is not aware that any officer who did such a thing would be liable to be tried by court-martial and cashiered.

Mr. SHAW: I know what he is liable to.

Brigadier-General CHARTERIS: Is any one case known?

Mr. SHAW: If I am pushed to it I will give the name. I do not want to give the name, and I do not want to state the case distinctly enough to identify the man. I am merely asking that when cases such as I am going to describe take place, such an exemplary punishment should be meted out as absolutely to

stop it, and if these cases were stamped out I am certain the effect in India would be so good that possibly a great deal of the bitter agitation that is now directed would die away and we should give the Indians the impression that if a European behaves badly he will be treated by the Court with more severity because he is a European and is educated.

Brigadier-General CHARTERIS: Give us the case.

Mr. SHAW: Why should I give the case? If the Noble Lord asks for the case—

Earl WINTERTON: I certainly do. I not only ask for it but I challenge the right hon. Gentleman to give it and I will investigate it.

Mr. SHAW: Very well. When I was staying at Spencer's Hotel, in Madras, I was on the side of the bungalows at No. 2. At No. 6 was an officer in the British Service who cruelly beat a man belonging to him. He was interrupted, in beating him, unfortunately, by a German. I saw the whole thing. That is the case.

Brigadier-General CHARTERIS: Name the officer.

Mr. SHAW: I will send it to the Noble Lord.

Earl WINTERTON: This is really a very important matter. May I say to Members of the Committee who do not know much about India, and think this may be an unimportant thing on a Friday afternoon, it is of tremendous importance. This story has been repeated by the German in question in a German paper and a friend of British India, Indians and British, a Swede, wrote to me, though not knowing me, from Sweden saying he had seen the story in the German paper. He said he thought it incredibly untrue. He had never seen such things happen, and he asked me to investigate it. I wrote about the matter to the right hon. Gentleman. I want to know—I am sorry to have to ask this—why, if this German, who was a delegate of the German Textile Union, who went with the right hon. Gentleman, saw this incident, they did not take the plain step that it was their duty to take and report the matter at once to the police.

Mr. SHAW: The Noble Lord knows the answer. He knows perfectly well that in that article the writer states that the wife of the officer asked him not to take any action and dissuaded me from taking any action. There are the facts for you.

Mr. WARDLAW-MILNE: It is grossly unfair to put this forward as an example.

Mr. SHAW: I am a Briton, as proud for the honour of my own race as any man on the opposite side. I object to these things taking place. I want to do no man a personal injury, but I am certain these things are doing us a great amount of harm in India. I merely mention the case in order that we may know in future that these things are being noted and will be dealt with if they arise.

Mr. WARDLAW-MILNE: You are giving a totally untrue example.

Mr. SHAW: The hon. Member accuses me of giving an untrue example. [HON. MEMBERS: "Name!"] I was there at the time. [HON. MEMBERS: "Name!"]

Mr. WARDLAW-MILNE: I did not in the least intend to suggest that the right hon. Gentleman's statement was untrue. I said as an example of British behaviour in India it was grossly false.

Mr. SHAW: That is exactly what I said myself. I said that one man of this kind could do more harm than 12 wise men could do good. The Committee may refuse to listen if they like but so long as I am alive in the House I shall try to tell the truth, whether it pleases hon. Members opposite or not. The Noble Lord shall have the name. Let me turn to another phase of the subject. It seems to be assumed, from a lot of the discussion that takes place, that India is one problem. India is simply a criss-cross of problems. It is like a spider's web problem where one cannot see the beginning thread or the end, and it is foolish to think that any one stroke, either self-government or anything else, is going to bring a solution of all the difficulties of India. I am afraid we concentrate too much on the political and forget altogether the purely economic side of the matter. There are many reforms in India that can only come from the Indians themselves and that no British Government could ever realise. There is the danger that Indian workers

may be led to feel that all that is needed is that the British should clear out in order that the Indian position should be improved. So far as my experience went—and I visited a very large number of textile concerns—there is nothing to justify the idea that the Indian is a better employer than the European. On the contrary I found that, where European administration and management were noticeable, the conditions generally were superior to what they were where purely Indian capital and administration were involved. I believe the people of India have a right to manage their own affairs. There are many Indians who are in favour of Home Rule, who are Swarajists, but who believe that the rapid withdrawal of Britain from India would inevitably mean civil war.

It is a tremendous important problem to a Parliament which, after all, has been responsible for India for well over a century, to decide on matters which may not plunge India into a state of freedom and bliss, but may plunge her into internal quarrels, which will mean that her position is infinitely worse than to-day, but there can be no difference of opinion, surely, that the Government position ought to be to increase the possibilities of self-government as quickly as possible and not to give the Indians the impression that holding back is taking place from our side of the water. If we can make the Indians believe that this is our intention and desire, then, I think, a tremendous thing would have been done for the safeguarding of India as a future member of the British Empire. I am afraid that, if the thing is allowed to drag and Indians who are educated get the opinion that we are not serious in our desire to give self-government to India, there is an extraordinary danger of India becoming unfriendly to the British Empire rather than friendly.

I hope the ideas of the Noble Lord himself with regard to education and everything else will be realised. I am in absolute agreement with the hon. and gallant Gentleman who spoke before me when he said that the one thing needed in India is that Indians should be educated, that they should be able to know what other people believe and think, and that they should be able to manage their own affairs. I would like

to mention one instance of the necessity of education in India. There is a Union of Textile Workers in Bombay managed by what are known extraordinarily as the *Intelligentsia*. They cannot get collectors or officers of their own or effective committee men, because they have not education sufficient to be able to write their own names. How can people of that kind realise their own liberty? People can only realise their liberty when they are educated, when they are able to know what people are thinking and doing in other parts of the world. That is the great necessity for common education which, in my opinion, is even more important than the vote.

Major-General Sir RICHARD LUCE:

I just want to raise one point which was not referred to by my Noble Friend in his original speech. It is the question of the Indian Medical Service.

3.0 p.m. I gather that the long negotiations and the long consideration of the future of that Service are now almost completed. These negotiations have been going on for what, perhaps, may seem to be a very long time. It is now over three years since the Lee Commission on the superior services reported on those services, and, although the findings of that Commission were largely implemented with regard to the other services, they were left on one side with regard to the Indian Medical Service. The idea, therefore, is that they are so near completion that, in his reply, my Noble Friend may be able to make some statement on the matter. I do not want to go into the details of the new scheme as far as I understand them to have been arranged at present, but I do wish to refer to what is the very unsatisfactory condition of the present recruiting of that Service. He has referred to the improvement in the recruitment of most of the superior services, but in reference to the recruitment in the Medical Service he has furnished me with some figures, and I find that at the present time there is a loss in the last five years of British medical officers in the Indian Medical Service of 61. That is, an average of 12 British medical officers per year for the last five years. The present strength of the British members of the Indian Medical Service is 489 and that of the Indians 158 to whom must be

added 138 temporary Indian medical officers, leaving the proportion—1.6 British to one Indian. It has, I understand from my Noble Friend, been laid down that for the efficient working of the Indian Medical Service there should be at least a proportion of two British to one Indian officer, and, with the yearly loss of 12 officers, that proportion, which is already reduced to 1.6 to one, must very rapidly deteriorate.

It was laid down by the D Commission that it was necessary to maintain the definite proportion in the Indian Medical Service of British to Indian officers for two very important purposes, one of which is that our European officers serving in India as members of the Indian Civil Service and their families should have the advantage of having British medical officers attending them when they were sick. That seems to me important, and it was the idea of the D Commission. It was one of the ideas for the carrying on of the Indian Medical Service by British officers. The other requirement that was necessary was that there should be sufficient reserve of British officers for the Indian Army. That reserve was called upon to its very last ounce in the Great War, and it is absolutely essential, if you are going to have the Indian Army serve with the British forces wherever they may be, that they should have a sufficient proportion of British medical officers among them to bring about a proper state of efficiency in that Service. Therefore, it seems that we are in a position of very considerable gravity with regard to the Indian Medical Service at the present time. We have already a proportion of British to Indian officers which is considerably below the proportion which is considered necessary for the efficient work of the Service, and we have, further, a very rapid rate of diminution on that percentage.

With regard to what may be the causes of the unpopularity—which is quite obvious—of the Indian Medical Service, I am not able to say. Those points of unpopularity have been referred to by my hon. and gallant Friend who spoke earlier with regard to other services, and the thing holds true with regard to the Medical Service. There is at the present time an unwillingness on the part of young doctors to go into any service abroad. Whether that is due to the loss of the

[Major-General Sir R. Luce.] spirit of adventure or whether the spirit of adventure has been exhausted by the great adventure of the Big War I cannot say, but the fact remains that we have a great difficulty in getting into our Medical Service, whether in the Army, Navy, Air Force or Indian Force, suitable medical candidates. I have gone carefully into the question whether that can have anything to do with the rates of pay or the conditions of service, but I do not believe it is at all due to that cause. I think the pay in the Indian Medical Service and the conditions of service compare favourably with the conditions in the other medical services at home. It cannot, therefore, be considered a question of pay. I think the great cause, apart from the one to which I have referred, is the spirit of uncertainty as to the future of the service which they are joining, and I believe that, if steps could be taken to get over that uncertainty which, I think, is due to the very long delay in bringing to completion the negotiations as to the future of the Service, confidence would be restored, and there would be a considerable possibility of getting the recruits in future.

With regard to the Indian Civil Service, two or three years ago, when there was a failure of recruits for that Service, the Government undertook a sort of missionary service to the Universities. The Noble Lord, the Secretary of State himself, and I believe the Noble Lord the Under-Secretary of State also, took part in that mission. Lord Lloyd also took a great part in the mission in going to the University to try to persuade the young students who might be likely to go out to India shortly to join the Indian Civil Service, and that campaign met with great success. I believe that if a similar campaign could be undertaken by the Government at the present time, and if the Under-Secretary himself would visit some of the hospitals or encourage officials who happened to be at home at the time to go to the various hospitals in England to show them that there is an assured future—which I believe there is—for young medical students who join the Indian Medical Service, a great deal could be done to get over the difficulty and to ensure the satisfactory recruitment of these Services. If he will undertake that, I am sure he will receive the

support of the whole body of the medical profession in England. The medical profession in England looks with grave disquiet upon the unsatisfactory state of the Indian Medical Service, and they will do everything in their power, I am quite certain, to further any efforts the Government may make to make the Service more popular in the future.

Lieut.-Commander KENWORTHY: It is with very great diffidence that I would like to support what the hon. Gentleman has said as to the very devoted and efficient services of the members of the Indian Services. I speak with diffidence, because, although I went to India, I only went there as a naval officer, and one of my chief interests was the shooting of snipe. There are a few points I wish to raise, and the first is this. There have been some extraordinary articles appearing in leading English newspapers in India, and they have received an echo in the "Daily Telegraph" in this country, suggesting that the Imperial strategy of the Empire is to be re-orientated and that the British Expeditionary Force in the future, instead of being based on Aldershot, is to be transferred to India. The Noble Lord shakes his head, but I think, as these papers in India are apparently in touch with military opinion in India, there is something in it. These things are, perhaps, outside the Noble Lord's cognisance.

Earl WINTERTON: The hon. and gallant Gentleman is quite wrong in thinking that there is any official justification whatever for these statements. There is no official justification of any kind. They really emanate—and perhaps I know a good deal more about it than my right hon. and gallant Friend—from a speech which came from the fertile brain of Lord Haldane in another place. He made a suggestion on these lines. They have never received official sanction of any kind and the hon. and gallant Gentleman can accept it from me that it is a pure canard.

Lieut.-Commander KENWORTHY: I informed the Noble Lord that I was raising this question, and what he says, therefore, is authoritative. I will only make this comment. Lord Haldane is a great master of strategy, and strategical plans of which Lord Haldane approves are

very likely in future years to be approved by whatever party is responsible for the disposition of our forces. Therefore, I accept the Noble Lord's disclaimer at once, and I am glad that there is no chance of India being dragged into our Asiatic quarrels any more than she has been already.

In the Noble Lord's impressive and interesting speech nothing was said about the native States of India. Those States cover one-third of the area of India, and have 80,000,000 inhabitants. I understand that after the War certain requests were put forward by the native rulers which, I think, are very reasonable, and I would like the Noble Lord to tell me what progress has been made in this matter. If he has not time to reply to-day, perhaps he will communicate with me. One of the requests put forward was that the principal native States should have the right of access to the Government instead of going through intermediaries. I should like to know whether that matter has made any progress. Another point is, that I do not think it is altogether fortunate that there should be attempts made to Europeanise the Services of the native States. It is curious, when in all parts of the House Members are saying that they want to see a greater measure of Indianisation of the Indian Government, the very reverse process should have been taken in certain native States.

I do not want to go into the whole question of policy in connection with the native States—I have not time to do so, and this is not the place in which to do it—but I hear complaint about what I may describe, I hope without offence, as the policy of pin-pricks. These native rulers have been very loyal to us. They sent troops to the War, and, although many of their Governments have grave defects, many are enlightened. Why should the ruler of a native State, for instance, have to get permission from the Government to go to Simla in the hot weather, and sometimes be refused? The wealthy nabob or merchant can go without any permission, but the independent or semi-independent ruler of a native State has to get permission from the Government. These little things may not seem very important, but they do no good and do a great deal of harm. I am informed that there is great difficulty in

regard to industrial development in these native States. For example, telephone development, telegraph and railway extensions are frequently held up, perhaps by the inertia of the bureaucracy, when permission is sought to make improvements and enlargements. That is a very bad thing if it be the case. These are simply examples.

We must be very careful—I know this is a thorny subject—in deposing a native ruler under our Treaty rights. He should be given every opportunity of offering a defence. However unfortunate his rule may have been, and however bad the state of his territory, he should have a chance of presenting his case. I think the demand put forward by the Chamber of Princes that before a ruling Prince is deposed he should have a chance of presenting his case before a Commission, under the chairmanship of a Judge, and with two of his Peers, his fellow Princes, sitting upon it. That is reasonable. I do not want in any way to weaken the ultimate discretion of the Government, but there should be a fair chance of the ruler's case being fairly presented. It may not be thought of great moment to support these claims of the native rulers, but while we are responsible for the government of India we must from these benches claim equal justice for the highest in the country as for the lowest.

Colonel WEDGWOOD: They get it all right.

Lieut.-Commander KENWORTHY: My hon. and gallant Friend says that they get it. That is perhaps owing to the common sense and fairness of the Government. If we had Judges in the Courts in this country acting without juries I daresay they would dispense very even-handed justice, but we prefer the jury system and we insist in our own Courts that anyone accused should have a chance of making a defence. That is all, I understand, that these potentates are asking. The Noble Lord is familiar with all the points I have raised, and I would like to know what progress has been made in the consideration of them. If he cannot reply now—I do not want to press him, after the long and exhaustive speech that he has already delivered—I should be much obliged if he would communicate with me.

Sir ALFRED HOPKINSON: Before coming to the two points to which I desire to speak this afternoon, I should like to refer to something which has been said by the right hon. Gentleman the Member for Preston (Mr. Shaw). I feel most strongly that he is quite right in saying that nothing does more harm in India than anything in the nature of rude treatment. Nothing rankles more than insulting behaviour; there is no race in the world more sensitive than the Indian people. Any occurrences of the kind to which he has referred, however, are very rare, and certainly nothing is more deprecated by everyone connected with the Government of India. It is desirable, whenever such cases arise, that complaint should be made at once to the authorities, and they would be dealt with severely. I heard of one case many years ago where a young man made a very insulting remark to a distinguished Indian in one of the stores in Bombay. It was reported to the authorities, and the young man was told that he would be punished and that he must at once go and make an apology to the Indian gentleman he had insulted. He made the apology, but that was not sufficient to prevent the penalty being inflicted. And the Indian gentleman went to the authorities and begged that he might be dealt with less severely. That is the spirit in which those who are responsible for the government of India deal with any case of that kind if ever one arises. I agree very much with the right hon. Gentleman as to the vital importance of the question of education in India.

I should not venture to address the Committee, which contains many hon. Members who have spent long years in India, unless I had had some opportunity of seeing something of what is going on in the educational world in parts of India. It was my good fortune some years ago to be asked to go out to advise the University of Bombay as to the educational steps to be taken in the Presidency. The University was contemplating new developments, and they thought an Englishman might be of some help in advising them. I should like to say that I went out there with a feeling that before I could do anything whatever it was my business to discard English notions and ideas and go out as a learner. The worst thing any English-

man can do in India is to think he can dump down his opinions, and especially his political opinions. In India they are usually quite inapplicable.

Take, for example, what is called the plenary inspiration of the odd man, or the divine right of the odd man. To go out to India to preach that kind of rubbish is hopeless. You want to learn Indian conditions and to the best of your ability to understand the Indian mentality. I went out to India to learn, and, having learned, to give some advice. The longer I was there and the more intimate I became with the people, the more I loved the country and admired those with whom I came in contact. What I was perfectly satisfied of was that the one hope of India is the hearty co-operation in practical work of the Indian and the Englishman. Each supplies something; the Englishman provides something which is rare in India at the present time. To many of those who visit India there comes the feeling that a certain sadness broods over the country. There are evils to be combated. Among those evils are plague, pestilence, famine, ignorance and inertia, and, perhaps most of all, the difficulty that arises from the separation of creeds and classes. It is through the British working with the best educated and best informed Indians that progress can be made.

To talk of India as though it were a single unit is absurd as it is to say that there is a regular antagonism between the English and Indians. I found from morning to night that Indians came to talk to me as freely as if I had known them all my life. The first thing that the people of India want, the thing for which India is crying out, is scientific knowledge, and I have been very much pleased to hear that the Indian Civil Service is now being more favourably viewed by the young men in our schools and universities. ~~There is no nobler career for a young man.~~

On visiting the various schools and colleges attached to the University of Bombay, I found that what the Indian student most needed was scientific knowledge based on actual observation of things. The ordinary Indian student is far too apt to deal simply with words, to repeat some jargon which he may have learned by rote. It is necessary in India that there should be a considerable num-

ber of English teachers. The Indian may be as good a man intellectually as the Englishman but if you want to get things done you must have the Englishman there.

Let us take a few examples of the kind of thing which is going on in India in regard to scientific investigation and the need which exists to have men with organising power as well as scientific knowledge. It is an Englishman, Major Glen Lisdon, at the head of the Parel Institute in Bombay, who has done so much to check the outbreak of plague. He has a staff of admirable Indian workers to whom he pays the highest tribute, but it was his organisation which enabled the requisite preparations to be made. Another case is the Pasteur Institute, and still another is the scientific work which is going on at Bangalore. The splendid work of the Indian Medical Service has already been alluded to and, having gone round the hospital in Bombay, I can say that I have not seen a better or more admirably equipped dissecting room than that which it possesses. There is another example of co-operation. The hospital was founded by an Indian, but it could not have been successfully carried on without English members of the medical service on the staff. In agriculture, at the Agricultural College at Poona under an English principal, investigations of the highest value have been carried out, and instruction given to young Indians who can go out all over the country and spread the knowledge which they have acquired there. In any branch of practical science in India you will find that the co-operation of Englishmen and Indians has been the salvation of the country. Let us get rid of the idea of exporting to them the kind of political rubbish which may do no great harm here but may be serious there, and let us supply the useful things which Englishmen can give to India and which Indians know they can give. We can supply, first, scientific knowledge, and, second, that peculiar power which the Englishman has of translating ideas into practice.

Mr. MACPHERSON: There are a great many Scotsmen out there.

Sir A. HOPKINSON: Yes. In fact, one whom I had specially in mind is a

Scotsman, and among the colleges which I had the opportunity of visiting, one of the most efficient and effective was founded through the efforts made by the Presbyterian Church of Scotland.

Mr. WALLHEAD: Surely the Indians have done something on their own. I thought they had a great past.

Sir A. HOPKINSON: By all means. I went to a most efficient college, where every member of the teaching staff was an Indian, but it would have been much more efficient if there had been a little English admixture. The principal of that college was a man of the highest academic distinction. I had the pleasure of talking to the whole of his staff, and they said to me very naturally: "Cannot we manage ourselves without English members, and are not the members of the college as able as imported Englishmen might be?" I said: "Yes, no doubt, but I think that the staff of a university is like a salad. Get a variety of ingredients; if you have too much oil, add a little vinegar, and if you have too much vinegar, add more oil. It is far better, in my opinion, to have a mixed staff drawn from all sources, and it would be better if you had a few Englishmen among you, not superior, but different."

What the Englishmen have done in combating real evils in India is deserving of the very highest praise and admiration. Sometimes it receives more recognition and acknowledgment in India than in England. I am sure that we in England are not half grateful enough to the men who have done such good work in India, especially in applying science to the needs of the country. Who is it, for example, who makes the predictions as to the Monsoon which are so important for agriculturists in India? It is Englishmen such as Sir Gilbert Walker, Dr. Simpson, and their successors in the station at Simla. As a rule, to get real scientific work done, British direction has been needed, and with Indian help, great results have been accomplished. Take again the leper hospital in Bombay, and see what grand work is being done by Englishmen there, in co-operation with Indians. I could multiply examples, but having seen what has gone on in the Indian colleges, I am quite satisfied that a great deal of admirable work has been done there and that some of the criti-

[Sir A. Hopkinson.]
cisms which we have heard of the work of those colleges have been ill-founded. The Indians can give much in return for what we have given them. I will not enter into that question now, but I do say that from the intellectual life of India we have a great deal to learn, just as Indians will have constantly to rely on the practical ability and energy of the Englishmen who work with and for them.

Mr. SPOOR: I would like to reply to one or two observations that were made in the speech of the Noble Lord in opening the Debate, a speech comprehensive in its character, very wide in its survey, and, as has already been said, a speech that was packed with interesting information. It was a speech which, from beginning to end, was extremely optimistic, although I do feel that subsequent speeches did appear to indicate a lack of basis for that optimism. It is very difficult, indeed, to be optimistic about a country like India, when one remembers not merely the conditions existing there at the present moment, but the conditions which have existed for many years in the most trying crisis through which India has been passing. We have been discussing, I take it, the moral and material progress of India. As was pointed out by my right hon. and gallant Friend the Member for Newcastle - under - Lyme (Colonel Wedgwood), although it may be that there has gone on a great deal of social work, although there may be, here and there, improvements, the outstanding fact upon which we on this side of the House, at all events, wish to concentrate, is that India is not yet free, and we are endeavouring—not alone, I believe, for I am sure we have the co-operation of many Members on the other side of the House—to bring a little nearer the day when that great country will enjoy that freedom, that equality of status amongst the nations of the world which is her inalienable right.

The noble lord, in indicating the progress that had taken place during recent years, referred to the fact that there was more local government actually going on in India than was generally realised in this country, that there was a great deal of municipal activity. The tragedy is, that with all that municipal activity, there is comparatively little real progress in

education. The Noble Lord knows the reason. He knows it is because we British people take so much money of the taxation of India to maintain services, such as the fighting services, that it is utterly impossible for Indian municipalities to keep that amount for educational purposes which they certainly need. It is no good talking about India's advancement in education when it is remembered that 93 per cent. of the population of that country are still regarded as technically illiterate. Even the Noble Lord himself admits that the diarchical system does result in impoverished conditions so far as transferred subjects are concerned.

Had there been time it would have been possible to deal with many other points which the Noble Lord put forward. He quoted the case of an old civil servant who had devoted the best years of his life to serving the people of India. I am happy to think that a great many British people who have gone out to India have loved the Indian people, have served the Indian people and have won the respect and the affection of the Indian people. I appreciate the picture he drew when describing that Indian civil servant, when the time came for him to retire, being filled with a sense of real disappointment at realising there was so much yet to be done, and feeling that the great obstacle was what the Noble Lord called the apathy and the indifference of the people. He went on to say that this apathy and indifference were rooted not so much in ignorance as in inherent ideas. There we come to the crux of the problem of the Indian situation. The last speaker pointed out the utter folly of attempting to impose upon India Western methods and Western ideals which in any way conflict with their own particular ideas. Every one who is acquainted with the East knows that certain fundamental differences in history, in tradition and in outlook have to be allowed for when dealing with such a complicated problem as the Indian Constitution presents. This refusal on the part of certain Indians to accept the imposition of Western methods appears to me to be quite in accordance with the peculiar genius of the Indian people, and it is one of the factors with which we must reckon in our relations with

India. The Noble Lord quoted a number of Acts passed since the reforms came into operation. I think he made a mistake when he said "we" passed those Acts. I rather believe it was the Indian people themselves, who, at the first opportunity they got, passed those Acts.

Earl WINTERTON: Nearly all the Acts were introduced by the Government in the first instance. They were Government Bills.

Mr. SPOOR: But I think the noble Lord will agree that it was the Indian people themselves who passed them.

Earl WINTERTON: Through the Assembly.

Mr. SPOOR: Yes, through the Assembly.

Earl WINTERTON: But they were Government Bills.

Mr. SPOOR: I want to leave some time for the Noble Lord to reply, but I would like to mention that it was my privilege to take part in the Debates in 1919 when the Government of India Bill was introduced, and I was a Member of the Joint Committee of the Lords and Commons which had that Bill under consideration for several months. I well remember those discussions carried on under the leadership of the late Mr. Edwin Montagu, than whom India never had a better friend in Britain. I remember the way in which certain Members of this House in the course of these discussions expressed serious apprehension as to what was going to happen if those reforms were actually carried, and in the Committee they moved Amendment after Amendment to limit the operation of those reforms. Some hon. Member on this side of the House took the contrary view. We wanted to see much wider reforms. We proposed Amendments in that direction, and between the two sides the Secretary of State for India piloted his Bill through. At that time we asked, and we repeat the demand to-day, that India should be recognised as a free, equal, unfettered partner in the British Commonwealth of Nations.

Mr. WARDLAW-MILNE: Is the right hon. Gentleman aware that a member of his own party denied in this Debate that that was the policy of the Labour party?

Mr. SPOOR: I am no more answerable for the individual's opinions of members of this party than the hon. Member who has interrupted me is responsible for the opinions expressed by members of his own party.

Mr. WARDLAW-MILNE: It is not a question of an individual opinion. A quotation was read from a resolution passed by the Labour Congress, and we were told that that was the view of the Labour party.

Mr. SPOOR: I have here an official record of the resolution, part of which was quoted, and I can assure the hon. Member for Kidderminster that, so far as we are concerned, the Labour party still stands for the free and unfettered partnership of India in the British Commonwealth of Nations, and we have always urged the Indians to co-operate with us in order to secure that object as effectively as possible. I repeat that demand which has been expressed in congress resolutions on more than one occasion. The great point I want to stress this afternoon, which has already been referred to by previous speakers, is the question of the Statutory Commission. I am quite sure that not only are the people of India looking for some definite declaration on the part of some responsible Government spokesman on this matter, but the people of Britain are also anxious to hear some declaration of that kind. When the Bill dealing with Indian Reforms was being considered by the Joint Committee, I moved an Amendment urging a much shorter period than ten years for revision. I hope the Noble Lord will be able to say this afternoon that the Statutory Commission is going to be appointed immediately, and I trust he will give us some indication as to its composition and character. I hope he will be able to assure us that there will be adequate representation on that Commission of every shade of opinion that can possibly be secured—I am referring to legitimate responsible opinion in India. I hope those representatives will be elected by Indians. Unless that is done

[Mr. Spoor.]

I am afraid the Indian people may decide that they will have nothing to do with that Commission, and that is the sort of thing which we want to avoid.

In closing, I just want to say this. There is a small audience here this afternoon, and I cannot appeal to the far vaster audience that we can imagine will listen to the speeches that have been delivered to-day. I can picture, in the course of the next few days, gatherings of Englishmen in the clubs and in Calcutta and Bombay; I can picture Indians reading the vernacular papers, and even those who cannot read themselves having the story read to them. Over 300,000,000 people, really, will listen to this Debate. I hope that the Debate will take to them some message of promise and some message of hope. Let there be no poverty of imagination on the part of the British Government in approaching this great question. I believe, myself, that we can, by sanity, secure an emancipated people, contented in working out its own destiny in accordance with its own ideals; and that that will not only stabilise the Eastern world, but will bring a measure of lasting peace to all the nations of the earth.

Earl WINTERTON: I did not intend to take up any more of the time of the Committee to-day, having already occupied so much time at the beginning. If I am to reply to the serious matters raised by the right hon. Gentleman the Member for Bishop Auckland (Mr. Spoor), it will be impossible for me to do so within the limits of Parliamentary time to-day, because he dealt with some of the most fundamental matters in connection with India that can possibly be dealt with. I have been thinking, during the two or three minutes that I have had to think—I did not realise that the right hon. Gentleman was only going to give me eight minutes—about those points with which I can deal. [HON. MEMBERS: "Ten minutes!"] There is some difference between eight minutes and ten minutes. I make no complaint of that. I was perfectly willing not to rise at all, realising that I had already taken up a good deal of time, and I thought that the right hon. Gentleman was only going to raise some question of detail, but, for such important questions

as he has raised, he has not left me very long in which to answer. [Interruption.] If the Opposition wish me to reply, perhaps they will allow me to do so in my own way. If they do not wish me to speak, I will sit down. I was going to say, in the first place, with regard to the case mentioned by the right hon. Gentleman the Member for Preston (Mr. T. Shaw), that I think I ought to make it clear that it may be difficult at this distance of time to take any proceedings against the officer in question, because the right hon. Gentleman did not take the course which was open to him at the time, of reporting the matter to the police.

Mr. T. SHAW: I advised the man to take action. I advised his representatives to take action in Madras itself.

Earl WINTERTON: What the right hon. Gentleman should have done was to have gone to a policeman or a magistrate and reported the case to him. It was his plain and obvious duty to take that course. It is the duty of any citizen in this country, let alone a Member of Parliament, if he sees an aggravated assault committed upon an individual, to report the matter to the police. The right hon. Gentleman did not do that, but he has produced the story here after the lapse of about six months. I, therefore, take the opportunity of saying—I take the responsibility of saying, on behalf of everyone on this side of the House—that I regard with the greatest suspicion the story which the right hon. Gentleman has told. I think it is very likely that his recollection is entirely at fault.

Mr. SHAW: I can remember things as well as you—probably better.

Earl WINTERTON: The right hon. Gentleman is entitled to say that if he likes, and I am equally entitled to tell him that I regard the story with the greatest suspicion. I have told the right hon. Gentleman so, and I trust that it will be recognised in India that not everyone in this country accepts such a cock-and-bull story as we have been told to-day. Had the right hon. Gentleman given us the name, had he given us the place, had he given us anything—he gives us nothing at all—

Mr. SHAW: I have given the place. I have told you it was Spencer's Hotel, Madras.

Earl WINTERTON: What was the date?

Mr. SHAW: What was the date! I can give the date from my papers, but could any hon. Member recollect an actual date like that? As for truth-telling, if my capacity is not as good as your's I am sorry for myself.

Earl WINTERTON: I do not propose to indulge in any further recriminations but I say this: I stand here with indignation to have heard any right hon. Gentleman from the Front Opposition Bench make a charge of this kind against a British officer without having the courage to mention the name.

Mr. SHAW: The name is Bramby.

Earl WINTERTON: Now at long last we have the name out of the right hon. Gentleman, after six months. I am afraid I have to charge the right hon. Gentleman with a breach of duty. If he had reported the matter at once to the police it would have been investigated. What evidence have we got at this time? Had he and the representative of the German Textile Union gone to the police the whole matter would have been thrashed out in Court, and he and the German representative would have been subjected to cross-examination, presumably by the lawyer defending Mr. Bramby. But he waits until he gets back to this country and until the German gentleman has gone to Germany before he brings the facts out in public. It is true the German brought them out in the Socialist paper "*Vorwaerts*," but it is the first time we have had it mentioned in the House.

One has very great personal respect for the right hon. Gentleman. There are few on that side of the House for whom I have greater respect. I greatly regret that he has dealt with the matter in the way he has. On behalf of everyone who belongs, to use an old-fashioned term, to the Tory party, we resent most strongly this sort of accusation against people who are serving their King and country in India, who have done pro-

bably as much for their King and country as any single Member opposite. On my own behalf, I am not in the least angry, but I am always angry when we have slurs and accusations of the kind that have been brought to-day against officers and servants of the Crown who are not here to defend themselves. The right hon. Gentleman distinctly stated that other instances have occurred in the past, but they are very rare indeed. If they are not rare, what is the object of mentioning an incident without bringing in the name. [An Hon. Member: "Friends of every country but their own!"] It is the old historic policy of hon. Members opposite. They do not attempt to answer arguments put forward on this side of the House. Their whole idea is to make it more difficult to carry on the Government of India.

Mr. SHAW: That statement about our always speaking ill of our own country is plain, simple, downright lying.

The DEPUTY-CHAIRMAN (Captain FitzRoy): If the right hon. Gentleman applies that to any individual, I must tell him that it is not a Parliamentary expression that is used in this House. I must ask him to withdraw it; otherwise, I shall have to ask him to leave the House.

Mr. SHAW: I should like to give way to your authority, but the statement I have made—that the accusation that we always speak ill of our own country, is a lie—I cannot and will not withdraw.

Earl WINTERTON: If it will make the position easier, I am quite willing to withdraw the word "always," but I think they frequently do.

The DEPUTY-CHAIRMAN: The Noble Lord has now withdrawn the statement he made, and the right hon. Gentleman should so withdraw his comment on that statement.

Mr. SHAW: I think, Sir, you either misunderstood or did not hear the expression which came from the other side, which is a deliberate lie. I say so again, and I will not withdraw it. Whatever the consequences may be.

The DEPUTY-CHAIRMAN: I must take the right hon. Gentleman's own words, accusing the Noble Lord of lying. That is an accusation against an hon. Member of this House, and the right hon. Gentleman must withdraw it.

Mr. MAXTON: May I direct your attention to the hour?

It being Four of the Clock the Chairman left the Chair to make his report to the House.

Committee report Progress; to sit again upon Monday next, 11th July.

FELTWELL FUEL ALLOTMENT
BILL.

Bill read a Second time and committed to a Committee of the Whole House for Monday next.—[*Mr. Penny.*]

The remaining Orders were read, and postponed.

Whereupon Mr. Speaker adjourned the House, without Question put, pursuant to Standing Order No. 3.

Adjourned at Three Minutes after
Four o'Clock until Monday next
(11th July).

HOUSE OF COMMONS.

Monday, 11th July, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

Bristol Water Bill,

Smethwick Corporation Bill,

Lords Amendments considered, and agreed to.

Liverpool Corporation Bill [*Lords*],

As amended, to be considered Tomorrow.

Royal Albert Hall Bill [*Lords*],

As amended, considered; to be read the Third time.

Bury Estate Bill [*Lords*],Scarborough Gas Company (Consolidation) Bill [*Lords*],

Read a Second time, and committed.

Ouse Drainage Bill,

Petition of Bury St. Edmunds Corporation and Thingoe Rural District Council, against, praying to be heard by counsel; referred to the Joint Committee on the Bill.

ORAL ANSWERS TO QUESTIONS.

INDIA.

PROVINCIAL SERVICE OFFICERS
(PROPORTIONATE PENSIONS).

1. Mr. WARDLAW-MILNE asked the Under-Secretary of State for India whether, now that orders have been issued by certain of the local governments extending to certain of the provincial service officers of non-Asiatic domicile some of the concessions recommended in the Lee Commission Report, the question of the extension of the concessions to include the right to retire on proportionate pension will be considered?

No. 97

The UNDER-SECRETARY of STATE for INDIA (Earl Winterton): My Noble Friend is not prepared to extend the right to retire on proportionate pension beyond the all-India services to whom the premature retirement rules apply, but he has directed the Government of India to notify local governments that he will be prepared to consider on their merits, as cases falling outside the rules, applications for permission to retire prematurely from officers serving under local governments who either (1) were appointed by the Secretary of State in Council or (2) were appointed by a subordinate authority but in the local government's opinion are deserving of special consideration.

Mr. WARDLAW-MILNE: Am I right in thinking that certain of these officers who have had the other concession will now have the right to apply for this further concession?

Earl WINTERTON: I am not quite sure about that. This concession will bring within its ambit all those whom the Secretary of State thinks should receive it.

ENGINEER OFFICERS (EUROPEANS).

2. Mr. WARDLAW-MILNE asked the Under-Secretary of State for India if he will consider extending the concessions recommended in the Lee Commission Report to European officers of the Indian service of engineers recruited in India, seeing that the conditions under which they accepted service as statutory natives of India have entirely changed, placing them at a great disadvantage with officers of the same service recruited in England; and, seeing that these officers are European British subjects as defined in Indian law, that their habits of life and standard of living and educational expenses are the same as those of European officers otherwise recruited, and that the acceptance of the position of statutory natives of India was obtained from them when they were minors, with consequent doubt as to the legal validity attaching thereto?

Earl WINTERTON: I would refer the hon. Member to the reply given to the hon. Member for Reading (Mr. H. Williams) on 4th May, 1925. Whatever

A

[Earl Winterton.]
the facts as regards their declaration of Indian domicile it would not be reasonable that these officers should retain the benefits obtained by making it and acquire others by its revocation. I would remind the hon. Member that this class of officer benefited to the extent of Rs.75 per mensem by the absorption of technical pay in basic pay recommended by the Lee Commission.

Mr. WARDLAW-MILNE: While I have not before me the answer referred to, may I ask whether the Secretary of State has considered the position as between these officers and Indians in the same service, in view of the peculiar position now arising that European officers having an Indian domicile get worse conditions than Indians?

Earl WINTERTON: Yes. It is explained in an answer given to a question by the hon. Member for Reading (Mr. Herbert Williams) that

"These officers obtained their appointments by claiming to be of Indian domicile, and thereby are not entitled to the overseas pay given to officers of European domicile." It must be remembered that they obtained these appointments by claiming Indian domicile; unless they had claimed Indian domicile, and their claim had been accepted, they might never have been able to enter the service at all.

Mr. WARDLAW-MILNE: Am I correct in thinking that the declaration accepting Indian domicile was made in many cases when many of these applicants were minors?

Earl WINTERTON: However that may be they have obtained indirectly, and in some cases directly, advantages from it, which they might not have obtained from the service had they not made that declaration.

COMMUNAL RIOTS, NADIA, BENGAL.

3. Lieut.-Colonel HOWARD - BURY asked the Under-Secretary of State for India whether he has any information as to the communal riots at Nadia, in Bengal; and whether these riots are political or religious in origin?

9. Mr. WARDLAW-MILNE asked the Under-Secretary of State for India whether he has any information to give

the House regarding the reported communal riots in the Nadia district of Bengal?

Earl WINTERTON: I will, with the permission of the hon. Members, circulate in the OFFICIAL REPORT a Report made by the Government of Bengal.

Colonel DAY: Can the Noble Lord say whether any people were killed in these riots?

Earl WINTERTON: The Report is rather long. The trouble began by a large party of Mohammedans making an attack on a Hindu village. One on either side appears to have been killed. Other attacks took place, and there were wounded on both sides. One person is reported missing.

Following is the report:

"Communal riots occurred in some villages of the Meherpur sub-division of Nadia district on the 3rd July. The trouble began by a large party of Mohammedans, mostly from the Murshidabad district, making an attack on a Hindu village, wherein one on either side is believed to have been killed. The attackers withdrew, and Hindus of neighbouring villages attacked Mohammedan co-villagers, burning 20 houses and the mosque. There were some wounded on both sides. Meanwhile, the first party of Mohammedans burnt a house in a third village, and caused gunshot wounds to four persons. The same night, one Hindu was murdered by an unknown Mohammedan in a fourth village, where, on the morning of the 4th, some cowherds were assaulted, of whom one is missing. The sub-divisional officer reached the disturbed area early on the afternoon of the 3rd. The magistrate and superintendent of police, with a small armed force, arrived on or about the afternoon of the 4th, after delay due to difficulties of communication.

The magistrate found all quiet on his arrival, and returned to headquarters at night. Armed reinforcements were sent on the 5th. Inquiries are proceeding."

CINEMATOGRAPH FILMS.

4. Lieut.-Colonel HOWARD - BURY asked the Under-Secretary of State for India whether his attention has been drawn to the nature of certain American films that are being shown in India; and what steps are being taken to prevent such films being shown?

Earl WINTERTON: The Government of India were asked, by a despatch dated 31st March last, to give their attention to the whole question of the censorship of films shown in India and particularly

to the question of the suitability or unsuitability of films of Western, especially of American, production for exhibition in India. The Government of India's reply is awaited; and I have no information as to what steps have as yet been taken to strengthen the existing system of censorship.

Lieut.-Colonel HOWARD-BURY: Is the Noble Lord aware that public opinion is very seriously disturbed in India over the harm which is done by these undesirable films?

Earl WINTERTON: Yes, but that disturbance is not greater than the disturbance caused in this country. The problem is an exceedingly difficult one, and it is to find an efficient form of censorship for films.

Colonel DAY: Is the Noble Lord aware that the last film banned was a British film and not an American film?

Earl WINTERTON: I do not know that, but, at any rate, it was an undesirable film.

SEAMEN'S WAGES.

5. **Mr. KELLY** asked the Under-Secretary of State for India whether his attention has been drawn to the Resolution of the Indian Seamen's Union asking the Government of India to appoint a Board consisting of an equal number of representatives of employers and employees to settle the wages of seamen from time to time; and whether the Government of India propose to take any action on these lines or have given consideration to any such proposal?

Earl WINTERTON: I have not seen the Resolution referred to.

Mr. KELLY: In view of the favour with which conciliation has been received in this country, will the Noble Lord use his best endeavour to have it operated in India?

Earl WINTERTON: It is purely a matter for the Indian Government.

MR. ANUJA CHARAN SEN GUPTA
(PROSECUTION).

6. **Mr. KELLY** asked the Under-Secretary of State for India whether his attention has been drawn to a case in the Calcutta High Court, brought against Mr. Anuja Charan Sen Gupta, editor of

"Hindu Sangha," a vernacular weekly newspaper, who had been convicted of sedition by the Chief Presidency Magistrate and fined Rs.250; whether he is aware that the High Court Judges gave it as their opinion that with one exception the points raised were of little importance, and that, while finding the editor technically guilty, they remarked that the Government would have been well advised in treating the matter with the contempt it deserved; and whether the Secretary of State and the Government of India will give instructions that such utterances in obscure newspapers shall not in future be magnified into subjects suitable for prosecution under charges of sedition?

Earl WINTERTON: I have seen a report in the Press of the appeals brought by the editor of the "Hindu Sangha" against two convictions by the Chief Presidency Magistrate. Both convictions were upheld by the High Court, though in regard to one of them one of the Judges expressed opinions much as stated in the hon. Member's question. As regards the last part of the question, my Noble Friend is not prepared to interfere with the discretion of the local authorities.

Mr. KELLY: Will the Noble Lord give consideration to the fact that it is a danger and not an advantage to this country to magnify what are called offences?

Earl WINTERTON: I do not admit for a moment that these offences have been magnified. The question is purely one within the competence of the local Government.

CINEMATOGRAPH FILMS (BRITISH TERRITORY).

10. **Sir ROBERT THOMAS** asked the Secretary of State for the Colonies whether he is prepared to take action to prohibit the exhibition in Empire territory of undesirable cinematograph films which tend to lower the white races in the eyes of the native peoples?

The SECRETARY of STATE for the COLONIES (Mr. Amery): I would refer the hon. Member to the reply which I gave to the hon. Member for Southwark Central (Colonel Day) on the 30th of May, and to the view I expressed in re-

[Mr. Amery.]
gard to censorship in my reply to the hon. Member for Blackpool (Sir W. de Frece) on the 2nd of May.

Colonel DAY: Can the right hon. Gentleman say whether anything further is being done in regard to censorship in our Colonies, because there are already complaints appearing in the Press.

Mr. AMERY: I am not aware of anything further being done.

CEYLON CONSTITUTION (ROYAL COMMISSION).

12. **Mr. LANSBURY** asked the Secretary of State for the Colonies whether it is the intention of His Majesty's Government to appoint a Royal Commission to inquire into the working of the Constitution in Ceylon; the personnel of that Commission and when it is likely to proceed to Ceylon?

Mr. AMERY: In answer to the first part of the question, it is, as has already been stated, the intention to appoint a Special Commission to inquire into the working of the Constitution in Ceylon. As regards the second part, it is proposed that the Commission shall proceed to the Colony towards the end of the present year. The personnel has not yet been finally settled, but I have much pleasure in announcing that the Earl of Donoughmore has accepted my invitation to act as Chairman of the Commission.

GOVERNMENT DEPARTMENTS.

COLONIAL OFFICE OFFICERS (SERVICE OVERSEAS).

13. **Mr. HERBERT WILLIAMS** asked the Secretary of State for the Colonies whether it is the practice for officials at the Colonial Office to serve for a period in an administrative post overseas; and whether it is the practice for officials at the Colonial Office to visit periodically those parts of the Empire with which their work is concerned?

Mr. AMERY: The seconding of Colonial Office officers for service overseas, as a general practice, presents serious administrative difficulties, but arrangements have recently been made for two officers to be attached to the staffs of the Governors of Ceylon and

Nigeria for about two and three years, respectively, and I hope to be able to make similar arrangements in future for service overseas when suitable opportunities offer. Appointments to the administrative grade of the Colonial Office are now subject to the acceptance of liability for service overseas for one or more periods of not less than a year at a time. As regards the second part of the question, I am convinced of the value of such periodical visits. Several visits have already taken place during the past few years, and others are contemplated in the near future.

TYPEWRITERS.

15. **Colonel DAY** asked the Secretary of State for Dominion Affairs the number of typewriters used in the principal offices, respectively, of the Dominions Office, the Empire Marketing Board, and the Overseas Settlement Office, and the country of origin of these machines?

Mr. AMERY: I have had inquiries made, and find that the typewriting machines at present in use are, for the most part, of foreign origin, apart from those in the offices of the Empire Marketing Board, most of which are of English make. I can, of course, assure the hon. and gallant Member that, so far as is consistent with the general policy of His Majesty's Government (as to which, I would refer him to an answer given by the Financial Secretary to the Treasury on the 22nd February, 1926), I shall endeavour to arrange that the existing foreign machines are replaced, when the time comes, by machines of British make.

Colonel DAY: Can the right hon. Gentleman say whether any foreign machines have been bought since 1918?

Mr. AMERY: I cannot be certain. My recollection is that a large stock has yet to be worked off.

Colonel DAY: Is it the intention to buy British machines to replace them as they are worked off?

Mr. AMERY: Yes, Sir. I think so.

CUSTOMS AND EXCISE DEPARTMENTS (ANNUAL LEAVE).

43. **Captain ARTHUR EVANS** asked the Financial Secretary to the Treasury the length of vacation annually granted to clerks of all grades in His Majesty's Customs and Excise Departments?

The FINANCIAL SECRETARY to the TREASURY (Mr. Ronald McNeill): The annual leave allowed to members of the different grades of the clerical class employed in the Customs and Excise Department is as follows:

	Annual leave. Days.
Temporary and permanent unestablished clerks ...	18
Clerical class — junior grade	24
Clerical class — higher grade (and staff clerks)	36
Staff officers, senior staff officers, chief clerks and senior chief clerks ...	36*

*Rising to 48 days after 15 years' service in a grade entitled to 36 days.

These allowances apply to members of the Customs and Excise Departmental Clerical Class as well as to those members of the general Civil Service Clerical Class employed in the Department.

Captain A. EVANS: Is the right hon. Gentleman aware that there is great dissatisfaction in business circles in the seaport of Cardiff at the lengthy holidays granted to the clerks in this Service; and does he not think, in view of the fact that such lengthy holidays are never granted in business, they should be curtailed in this Service?

Mr. McNEILL: I am not aware of the dissatisfaction to which my hon. and gallant Friend refers.

Mr. H. WILLIAMS: Do any people in the public service in fact take two months' holiday?

Mr. T. WILLIAMS: Has the hon. Member ever complained about the four or five

months' holiday which he takes from Parliament during the year?

EMPIRE SETTLEMENT.

18. Mr. STEPHEN asked the Secretary of State for Dominion Affairs what were the figures of emigrants from Great Britain and Northern Ireland to the Dominions for the year ending 31st March, 1927, showing the Dominions in the order of the number of emigrants, and giving in each case the total cost, and the corresponding figures for Scotland and the proportion of the expense met from British funds and from the Dominions respectively?

The UNDER-SECRETARY of STATE for the COLONIES (Mr. Ormsby-Gore): As the reply contains a number of figures in tabulated form, I will, with the hon. Member's permission, circulate it in the OFFICIAL REPORT.

Mr. H. WILLIAMS: Will these figures show the gross emigration?

Mr. ORMSBY-GORE: I am not sure.

Following is the reply:

I assume that the hon. Member refers to the cost of passages. The following statement gives the number of migrants from the United Kingdom who received assistance under the Empire Settlement Act towards the cost of proceeding to their destination in the Dominions during the year ended 31st March, 1927, and the expenditure incurred by the respective Governments, so far as can at present be ascertained. No separate records are available as regards migrants from Scotland.

Dominion.	Expenditure from British Funds.	Expenditure by Dominion Government.	Total Cost.	Number of Migrants.
	£	£	£	
Australia	358,391	356,781	715,172	31,638
Canada	214,904	102,833	317,737	19,573
New Zealand	127,826	136,764	264,590	11,292
Total	701,121	596,378	1,297,499	62,503

A portion of the expenditure from British funds is in connection with schemes under which part of the cost is borne by private organisations. Expenditure by the Australian and New Zealand Governments on rail fares of

migrants from the port of arrival to destination is not definitely known and is only approximate.

In the case of Canada part of the expenditure from British funds is equated by the Dominion Government's expenditure on reception and settlement.

16. **Sir R. THOMAS** asked the Secretary of State for Dominion Affairs whether, in view of the shortage of women in various parts of the Empire, he will institute inquiries in order to ascertain in what parts they are most required, what occupations are open to them, and what safeguards exist for their protection, both on the journey out and after arrival; and whether he will publish the information in easily accessible form?

Mr. AMERY: Information upon all these points is contained in handbooks published free of charge by the Oversea Settlement Committee which have a wide circulation. With the hon. Member's permission, I will cause copies of these publications to be forwarded to him.

SOUTHERN RHODESIA (TRADE UNIONS).

17. **Mr. W. BAKER** asked the Secretary of State for Dominion Affairs whether he is aware that the natives of Southern Rhodesia have been prevented from organising themselves in a trade union, and that punitive measures have been taken against a native, Mr. Robert Sambo, who endeavoured to form a branch of the Industrial and Commercial Workers' Union of South Africa; whether, in view of Article 41 of the Southern Rhodesia constitution, letters patent, which lays down that, with certain exceptions, no disabilities or restrictions not equally applying to persons of European descent shall, without the previous consent of the High Commissioner, be imposed upon natives, he can say whether such consent was obtained; and whether he can give any information on the matter?

Mr. AMERY: I have no information which enables me to answer the hon. Member's questions.

Mr. BAKER: Will the right hon. Gentleman cause inquiries to be made with a view to removing what appears to be a serious grievance?

Mr. AMERY: I will look into the matter. The hon. Member is, of course, aware that Southern Rhodesia is a country possessing responsible self-government, and that it is only in matters affecting the position of the natives that the special reservations enjoyed by the High Commissioner would be exercised.

Mr. BAKER: Surely this is a matter of the most serious moment to the natives, and it is unsatisfactory that an organisation which is allowed freely to operate within the Union should be barred across the border?

Mr. AMERY: The conditions are not identical, but I will look into the matter. I can give no absolute assurance.

Mr. MACQUISTEN: Is it not the fact that when the natives were asked to form a trade union they inquired what it was; and that when they were told that it was an organisation against the "bosses," they replied, "Why. They are the best friends we have. They give us a job."

TRADE AND COMMERCE.

BRITISH FILM INDUSTRY.

19. **Mr. H. WILLIAMS** asked the Secretary of State for Dominion Affairs whether, as a result of the Imperial Conference, any legislation has been passed or initiated by the Dominion Governments for the purpose of stimulating the production of British cinematograph films?

Mr. AMERY: So far as I am aware, no legislation on this subject has yet been passed in any of the Dominions, except in the State of Victoria, where an Act has recently been passed under which provision is made for the exhibition of a minimum length of film produced within the Empire (*i.e.*, 2,000 feet, of which at least 1,000 feet must have been produced in Australia) at any exhibition of cinematograph films. I may observe that the Report of the Commonwealth of Australia Film Censors for the year 1926 contains the following expression of opinion:

"It would not be wise, it seems to us, to initiate legislation here until the House of Commons has dealt with the situation at home."

Colonel DAY: Can the right hon. Gentleman say whether this legislation embodies blind and block bookings schemes which are to operate in this country?

Mr. AMERY: I am not sure. I must ask for notice of that question.

CHINA.

20. **Mr. TREVELYAN** asked the Parliamentary Secretary to the Overseas Trade Department whether his attention has been called to the figures compiled by the United States Commerce Department, showing that United States trade with China has advanced 3 per cent. in the first four months of this year, while British trade has declined by 17 per cent. and Japanese by 25 per cent.; and whether he has any means of verifying or correcting these figures?

21. **Mr. WELLOCK** asked the Parliamentary Secretary to the Overseas Trade Department whether he can give figures showing the amount of trade carried on between China and the United States of America, and Japan and Great Britain, respectively, during the first four months of the present year and for the same period of last year?

Mr. A. M. SAMUEL (Secretary, Overseas Trade Department): As the reply involves a table of figures, I trust that the right hon. Member and the hon. Member for Stourbridge (Mr. Wellock) will permit me to circulate the answer in the OFFICIAL REPORT.

Following is the answer:

The figures referred to appear to relate to the first quarter of 1927. For that period, as compared with the corresponding period in 1926, the totals of import and export trade with China for the three countries named were respectively:

—	First Quarter 1926.	First Quarter 1927.	Increase or de- crease %.
United Kingdom— million £ ...	10.37	8.27	— 20
Japan— million yen ...	281.5	212.3	— 25
United States— million \$...	7.43	80.1	+ 8

For the first four months of 1927 the figures of trade between the United States and China were:

—	Jan.— April. 1926.	Jan.— April. 1927.	Increase %.
million \$...	101.1	103.8	3

Comparative figures are not available for the United Kingdom and Japan.

BRITISH INDUSTRIES FAIR.

22. **Sir WALTER de FRECE** asked the Secretary to the Overseas Trade Department whether he is aware that various trades are dissatisfied with the allocation of exhibits of their types of manufactures to the Birmingham section of the British Industries Fair; and whether he is investigating their representations with a view to meeting them?

Mr. A. M. SAMUEL: I am not aware that any trades are dissatisfied for the reasons indicated by my hon. Friend. In two cases transfers from one section of the Fair to the other have recently been arranged at the request of the exhibitors concerned. I have received no further request for such transfers, but I will be very glad to give consideration to any case which my hon. Friend may desire to bring to my notice.

Mr. SOMERVILLE: Can the hon. Gentleman give us any information as to the exhibit of saddlery?

Mr. SAMUEL: I am glad of this opportunity to say that we shall welcome exhibits of saddlery at the British Industries Fair at the White City, and if the hon. Member will use his influence and get firms to send in saddlery goods, I will make it my business to see that they are properly shown.

Lieut.-Commander KENWORTHY: If it is laid down rigidly that Birmingham is to be the only provincial centre for this fair, that naturally other centres will be dissatisfied?

Mr. SAMUEL: I do not agree with the hon. and gallant Member's premises. It is not laid down for all time that Birmingham is to be the only exhibiting centre. Any city can hold an exhibition if it likes to do so.

Lieut. - Commander KENWORTHY: That is an announcement of great moment and will be received with great satisfaction.

Mr. KELLY: May I ask if the allocation is made by the officers of his Department, or is there a committee of exhibitors who have some voice in the matter?

Mr. SAMUEL: Does the hon. Member refer to Birmingham or London?

Mr. KELLY: Both.

Mr. SAMUEL: There is a committee of exhibitors, and we do the best we can to work hand in hand with them.

Colonel DAY: Has any allocation been made for an exhibit of British typewriters in either of these fairs?

Mr. SAMUEL: Most certainly. There was last year a big exhibit of British typewriters in the London fair, and the hon. Member should have known that a great deal of trade resulted from it.

MEAT SUPPLIES.

23. Sir R. THOMAS asked the President of the Board of Trade whether he is aware that, in consequence of an agreement between eight great British and Continental meat firms, who between them control a large percentage of our national supply, an early rise in the price of chilled meat is anticipated; and whether, in view of this, the Government will set up a Committee of Inquiry into the position of the meat trade?

The PARLIAMENTARY SECRETARY to the BOARD of TRADE (Sir Burton Chadwick): My attention has been drawn to reports that an agreement is likely to be reached between the large meat-importing firms as to the quota to be allotted to each for chilled beef imports from South America. The Food Council are at the moment engaged on an inquiry into retail meat prices and profit margins, and if, as a result of the agreement, any considerable increase in retail prices occurs, the Council will no doubt give the matter careful consideration.

Sir R. THOMAS: Will the hon. Gentleman take into consideration the desirability of withdrawing the embargo on fresh meat from the Argentine via Zeebrugge?

Sir B. CHADWICK: That is not a matter which I can answer.

Mr. HARRIS: Is it not most undesirable that there should be these Trusts and Combines in restraint of trade, and will the hon. Gentleman consider the promotion of legislation to deal with them?

Sir B. CHADWICK: That does not arise out of the question. The matter the hon. Member referred to is under consideration now by the Food Council.

Sir R. THOMAS: Am I not entitled to an answer to my supplementary question? Surely the importation of fresh meat from abroad affects prices in this country; and am I not entitled to ask whether he will take this question into consideration?

Mr. SPEAKER: The hon. Member did ask that question, but I have no power to compel an answer. I should advise the hon. Member to put a question to the Minister of Agriculture who, I think, is responsible for the matter.

Mr. KIRKWOOD: Would it not be better if the hon. Gentleman would pay more attention to see that we give a preference to Australia and not to the Argentine, so far as imported meat is concerned?

COAL MINING INDUSTRY (YORKSHIRE).

25. Mr. T. WILLIAMS asked the Secretary for Mines what was the output per man-shift worked at the coalface in the Yorkshire area for each ascertainment period since January, 1927?

The SECRETARY for MINES (Colonel Lane Fox): The average output of coal per man-shift worked at the coalface in Yorkshire was as follows:

	Cwts.
January	55
February	56
March	57
April	56

Mr. WILLIAMS: Can the right hon. Gentleman tell us exactly what that increase represents compared with the output per person for 1925 and 1926?

Colonel LANE FOX: Yes, if the hon. Member will put a question down.

26. **Mr. WILLIAMS** asked the Secretary for Mines what percentage on basis rates has been paid to miners in Yorkshire for each period covered by ascertainment since December, 1926, to the present time?

Colonel LANE FOX: As the information asked for involves a tabular statement, I will circulate it with the OFFICIAL REPORT.

Mr. WILLIAMS: May I ask if the tabulated statement is any longer than the statement he gave in reply to the last question?

Colonel LANE FOX: The hon. Member will be able to see it. It is very interesting.

Mr. WILLIAMS: Is the right hon. Gentleman aware that, notwithstanding the persistent increase in the output per man per shift, there is a persistent decrease in the amount of wages received; and does he intend to do anything to put that matter right?

Colonel LANE FOX: That has no reference to the question on the Paper.

Following is the statement:

PERCENTAGE on basis rates payable to Miners in Yorkshire from December, 1926, to July, 1927.

Month.	Underground Workers.		Surface Workers.	
	South and West Yorkshire.	South Yorkshire.	West Yorkshire.	
			Eastern Sub-Division.	Western Sub-Division.
	Per cent.	Per cent.	Per cent.	Per cent.
December, 1926	46·67	46·67	45·00	41·67
January, 1927	46·67	46·67	45·00	41·67
February, "	46·67	46·67	45·00	41·67
March, "	61·81	61·81	60·14	56·81
April, "	51·08	51·08	49·41	46·08
May, "	41·71	41·71	40·44	36·71
June, "	36·00*	36·00*	34·33*	31·00*
July, "	36·00*	36·00*	34·33*	31·00*

* Minimum.

27. **Mr. WILLIAMS** asked the Secretary for Mines what was the average pit-head price for coal in Yorkshire for each ascertainment period from January, 1927, to the latest date?

Colonel LANE FOX: The average pit-head proceeds from coal disposed of commercially in Yorkshire were as follow:

	Per ton.
	s. d.
January	18 11
February	18 0
March	16 8
April	15 11

Mr. WILLIAMS: Has the right hon. Gentleman obtained figures for the last two months which show the ups and downs of the prices?

Colonel LANE FOX: I have given the hon. Member the last figures that I have.

Mr. WILLIAMS: May I ask whether the Government are taking any steps to carry out the suggestion of the Coal Commission, that the one way of solving the coal problem is to reorganise selling prices?

Colonel LANE FOX: That is a subject on which the hon. Member can make an eloquent speech to-morrow if he desires.

NAVAL AND MILITARY PENSIONS AND GRANTS.

30. **Sir W. de FRECE** asked the Minister of Health if his Department has in any cases, and, if so, in how many, accepted liability for pension applications although sent in after the expiration of the seven-years' limit?

The PARLIAMENTARY SECRETARY to the MINISTRY of PENSIONS (Lieut.-Colonel Stanley): I have been asked to reply. Grants have been made in about a hundred cases of the kind referred to.

SINGAPORE NAVAL BASE.

31. **Mr. STEPHEN** asked the First Lord of the Admiralty the total amount so far expended in connection with the Singapore naval base?

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): The total expenditure up to the 30th June is about £480,000.

DISARMAMENT (CONFERENCES).

32. **Lieut.-Commander KENWORTHY** asked the Secretary of State for Foreign Affairs how many conferences at which His Majesty's Government was represented for the reduction or regulation of armaments other than the armaments of ex-enemy Powers have taken place since the end of the War; and where and on what dates have they been held?

The SECRETARY of STATE for FOREIGN AFFAIRS (Sir Austen Chamberlain): His Majesty's Government have been represented at the following conferences of the nature described in the hon. and gallant Member's question: the Washington Conference on Limitation of Armament which sat from November, 1921, to February, 1922; the Preparatory Commission for the Disarmament Conference at Geneva in May and September, 1926, and in March and April, 1927; and the present Three-Power Conference at Geneva for the Limitation of Naval Armaments.

LICENSING LAWS.

38. **Mr. REMER** asked the Secretary of State for the Home Department if he proposes to make a statement as to the Government's policy on the existing anomalies in the licensing laws?

The UNDER-SECRETARY of STATE for the HOME DEPARTMENT (Captain Hacking): My right hon. Friend is not at present in a position to make any statement on this subject.

Mr. REMER: Is my hon. and gallant Friend aware that the Prime Minister, in a public letter, stated that he would give an answer to this question as soon as the Southborough Committee had reported? Is he aware that the Southborough Committee reported nearly two months ago? If I put down a question again this day week, would an answer be given?

Captain HACKING: No, Sir; I cannot make any definite promise on behalf of my right hon. Friend. My hon. Friend knows that it is a very complicated question. It may be that further inquiry is necessary and even that further legislation is necessary. In these circumstances, I think my right hon. Friend must have time for full consideration.

Mr. REMER: Is my hon. and gallant Friend aware that, as stated, it is two months since the Committee reported, and is it not time that some decision was given on the matter?

Captain HACKING: I understood my hon. Friend to say that my right hon. Friend the Prime Minister gave that pledge. I am afraid I cannot add anything to what he said.

BETTING DUTY.

39. **Colonel DAY** asked the Financial Secretary to the Treasury whether he can state the number of applications that have been refused to persons for certificates to carry on business as bookmakers?

Mr. R. McNEILL: I am not aware that there have been any such refusals.

Colonel DAY: Is the right hon. Gentleman aware that only a fortnight ago a man was prosecuted by the Inland Revenue authorities and fined £10 for not having a licence, although he had applied and was refused a licence?

Mr. McNEILL: I think I know the case to which the hon. Member refers, but the facts are not at all at variance with the answer I have given. The man was told that if he took out a certificate it would not enable him to make illegal bets.

Colonel DAY: Is it not a fact that that is a refusal, on behalf of the authorities, of a bookmaker's licence?

Mr. McNEILL: No, it is not. He was not refused a licence, but was told that his licence would not enable him to carry on illegal betting.

Mr. BATEY: Are we to understand that the Government have agreed to allow the amending Bill, which is down for Second Reading, to go through?

Sir K. WOOD: That is another matter, with which I have no concern.

ECLIPSE OF THE SUN (REPORT).

40. **Colonel DAY** asked the Financial Secretary to the Treasury whether he can state the number of photographs that were taken of the eclipse by the officials of the Royal Observatory, Greenwich; the viewpoint from which these photographs were taken; what was the cost; and when the examination of the photographs and other data of the eclipse will be completed?

Lieut.-Colonel HEADLAM: I have been asked to reply. Three photographs were taken from a site near Giggleswick School. The total cost was £150. The examination of the photographs will be completed in time for a full report to be sent to the Royal Astronomical Society in the autumn.

Colonel DAY: Will the full report also be published, so that all who are interested in this subject can have an opportunity of seeing it?

Lieut.-Colonel HEADLAM: No doubt there will be an ample opportunity of the public seeing the report.

Mr. H. WILLIAMS: Will my hon. and gallant Friend arrange for the Astronomer Royal to come here and give a short account of the eclipse in a room upstairs?

CONTRIBUTORY PENSIONS ACT.

46. **Sir W. de FRECE** asked the Prime Minister whether the Government has reached any decision regarding the need for legislation amending the Widows', Orphans' and Old Age Contributory Pensions Act; and what, in that case, its intentions are?

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): I have been asked to reply. Up to the present, it has not been found necessary to consider the question of amending the Widows', Orphans' and Old Age Contributory Pensions Act, though note has been taken of some points of detail requiring consideration when the time comes.

FIGHTING SERVICES (FOOD CONTRACTS).

14. **Mr. LAMB (for Mr. HURD)** asked the Secretary of State for the Colonies how many meat and other food contracts, and of what value, have been given to British home producers following upon the representations of the Empire Marketing Board to the Army, Navy and Air Force Departments?

Mr. ORMSBY-GORE: I think that my hon. Friend may perhaps have misunderstood the reply given to his question on this subject on the 30th June. The policy of His Majesty's Government in Great Britain in this matter is as stated by the Financial Secretary to the Treasury on the 20th June. No question, therefore, arises of any action being taken, as the result of representations made by the Empire Marketing Board, which would not otherwise have been taken by the Departments concerned.

41. **Mr. LAMB (for Mr. HURD)** asked the Financial Secretary to the Treasury what was paid last year for meat for the Army, Navy and Air Force, distinguishing between British home produce, British overseas Empire produce, and foreign produce, respectively?

Mr. McNEILL: I am informed that practically the whole of the meat purchased for the Army and Air Force last year was British overseas Empire produce. Its value, including the value of preserved meat, was approximately £921,000. This amount does not include certain foreign stations where contracts are made locally and as to which the information is not available, nor home stations the requirements of which are less than 100 lbs. a day. The value of these small home purchases is estimated at about £16,000, of which approximately one-half was for home-killed meat. In the case of the Navy, a total sum of £392,000 was paid last year at home and abroad. So far as can be calculated, this amount was

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made up of British home produce, £3,300; British overseas Empire produce, £359,000, and foreign produce, £29,700.

Lieut. - Colonel ACLAND - TROYTE: Will the right hon. Gentleman use his influence with these Departments to see that they use more home-grown meat?

42. Mr. LAMB (for Mr. HURD) asked the Financial Secretary to the Treasury what was the British home, as distinct from the British overseas Empire, proportion of the £2,894,000 spent upon meat for the Army, Navy and Air Force during the last three years?

Mr. McNEILL: I am informed that the portion of the sum of £2,894,000 representing meat purchased for the Army and Air Force is £2,448,000. The whole of the latter sum was for the purchase of meat from the British overseas Empire. As stated in the previous reply, the above amounts do not include home stations at which requirements are less than 100 lbs. a day or certain foreign stations where contracts are made locally. At these smaller home stations the total value of home-killed meat obtained is roughly estimated to have been about £25,000. In the case of the Navy, the amount spent on British home-produced meat during the period mentioned is estimated at £10,900.

UNEMPLOYMENT (SEAMEN).

24. Mr. STEPHEN asked the President of the Board of Trade the number of British seamen at present unemployed; the number of foreign seamen now serving on British ships registered in British ports; and the corresponding figures for 1924?

Sir B. CHADWICK: The answer is somewhat long and includes a table of figures. I propose, therefore, with the concurrence of the hon. Member, to circulate it in the OFFICIAL REPORT.

Mr. ERNEST BROWN: Do the figures show an increase or a decrease?

Sir B. CHADWICK: They show an increase here and a decrease there. I would require to read the whole answer in order to satisfy the hon. Member.

Lieut.-Commander KENWORTHY: Are there not only four sets of figures?

Sir B. CHADWICK: I can perhaps give it shortly. There are more than four figures. They are for the April-June quarter of 1927.

British other than Asiatics and Africans: 1924, 134, 148; 1927, 143, 202. That is an increase.

Foreigners other than Asiatics and Africans: 1924, 4,026; 1927, 3,640. That is a decrease.

Asiatics and Africans, British and foreign: 1924, 3,511; 1927, 3,741. That is an increase.

Following is the answer:

There are no particulars as to the number of seamen unemployed; but, according to the figures published by the Ministry of Labour, the number of insured persons in shipping service recorded as unemployed at the end of May, 1927, was 20,344 compared with 19,763 at the corresponding date in 1924.

Figures showing the numbers of British and foreign seamen employed at the present time in British ships are not available; but the following table shows the numbers engaged at Mercantile Marine offices in Great Britain and Northern Ireland during the three months ended 30th June in 1924 and 1927 respectively. These figures relate to engagements and not to individual seamen; if a person were engaged twice during the period he would be counted twice in the total. The figures for 1927 are provisional.

April-June Quarter.

Seamen engaged.

	1924.	1927.
British other than Asiatics and Africans	134,148	143,202
Foreigners other than Asiatics and Africans	4,026	3,640
Asiatics and Africans, British and foreign	3,511	3,741
Total	141,685	150,583

RENT RESTRICTION ACT.

28 and 29. Mr. R. MORRISON (for Mr. W. THORNE) asked the Minister of Health (1) if he has received a copy of the resolution passed at a delegate meeting of the Birmingham and District Tenants' Federation, held in Digbeth

Institute on 2nd July; if he is aware that they are asking for the renewal of the Rent and Mortgage Interest Restriction Act of 1920, and the prohibition of payment or acceptance of key money in cases of change of tenancy; and if he intends taking any action in the matter;

(2) if he has received a detailed statement from the Birmingham and District Tenants' Federation, giving the list of a few decontrolled houses in Birmingham, showing the way in which the rent has been increased over pre-War rates for decontrolled houses; if he is aware that in some cases the rent has been increased over 100 per cent.; and if he intends taking any action in the matter?

Sir K. WOOD: With the hon. Member's permission, I will answer these questions together. My right hon. Friend cannot find that he has received a copy of the resolution in question, and as regards continuance or amendment of the Rent Restriction Act, he would refer the hon. Member to the reply given on the 6th instant to a question by the hon. Member for Torquay (Commander Williams).

CHINA (BRITISH TROOPS).

35. **Lieut.-Commander KENWORTHY** asked the Secretary of State for War if he is aware that the First Cameronians, of the Shanghai Defence Force, on their arrival in Hong Kong on the 6th of March last, were sent to the Sun-Wai camp in Fanling and were kept there for three weeks in great discomfort, owing to the rainy season and the fact that their tents were frequently flooded out; why proper accommodation was not provided for these troops; and whether arrangements will be made to accommodate all British troops in China in suitable buildings?

The SECRETARY of STATE for WAR (Sir Laming Worthington-Evans): When it was decided to despatch the Shanghai Defence Force to China immediate steps were taken to prepare adequate accommodation for the troops, but as barracks are only maintained at military stations for the permanent garrison, improvised arrangements were necessary to deal at short notice with

the large influx of troops into Hong Kong. The Cameronians were accordingly placed temporarily under canvas.

Lieut. - Commander KENWORTHY: Will the right hon. Gentleman answer the last part of my question as to whether accommodation has now been provided?

Sir L. WORTHINGTON - EVANS: I believe that to be so; but I would not like to say that there was no unit still in temporary accommodation.

Lieut. - Commander KENWORTHY: In view of the service for which these troops were ostensibly sent to China, surely we can rely on the foreign communities there to see that the troops are provided with suitable buildings in the rainy season?

Sir L. WORTHINGTON - EVANS: As I told the hon. and gallant Gentleman, I believe they are now all under cover and not under canvas, but I am not absolutely sure.

36. **Lieut. - Commander KENWORTHY** asked the Secretary of State for War whether, when further reductions are found possible in the Shanghai defence force and other expeditionary forces in China, Section A reservists will be sent home first?

Sir L. WORTHINGTON-EVANS: I am not in a position to state on what basis further reductions in the Shanghai defence force will be made, should opportunity occur. But I would refer the hon. and gallant Member to my statement on 28th June that the contract with the reservists will be carried out strictly.

HOUSE OF LORDS.

44. **Sir JOHN SIMON** asked the Prime Minister whether he will cause to be circulated as a White Paper the Government proposals for the reform of the House of Lords which the Government offers for criticism and ventilation in Parliament and the country?

The PRIME MINISTER (Mr. Baldwin): I would refer the right hon. and learned Member to the answer which I gave on the 30th June in reply to a question by my hon. and gallant Friend the Member for Dulwich (Sir F. Hall).

Sir J. SIMON: Was not that before the Debate in this House, and, that Debate having taken place, is it not a reasonable request—since the Prime Minister has now said that he wishes these proposals to be ventilated and criticised—that we should have these matters in a form in which they can be reproduced?

The PRIME MINISTER: No, Sir; I would rather take the opposite view—that the Debate has given the information required.

PARLIAMENT ACT (MONEY BILLS).

45. **Sir J. SIMON** asked the Prime Minister whether he will, for the information of the House, grant a Return containing a list of the Bills which have been certified by Mr. Speaker or his predecessor as Money Bills under the Parliament Act, and a list of the Finance Bills which the Speaker has not so certified?

The PRIME MINISTER: If the right hon. and learned Member will move for a Return, I shall be happy to arrange for it to be supplied.

Sir J. SIMON: I will do so.

QUESTIONS TO MINISTERS.

Mr. WARDLAW-MILNE: May I ask the Secretary of State for Foreign Affairs whether any agreement has been reached with the Chinese authorities regarding the British Concession at Tientsin and, if not, whether any negotiations are at present in progress?

Mr. SPEAKER: There is a Question on the Paper to that effect in the name of the hon. Member, but he was not present to ask it.

Mr. WARDLAW-MILNE: On a point of Order. That Question was not asked because three previous Questions stood in my name. Is it not perfectly in order to ask this Question now?

Mr. SPEAKER: No. I see the hon. Member had four Questions on the Paper. He is not entitled to put his

fourth Question in this way. If this is important he should have taken one of the others off the Paper.

BUSINESS OF THE HOUSE.

Motion made, and Question proposed:

"That this day, notwithstanding anything in Standing Order No. 15, Business other than Business of Supply may be taken before Eleven of the Clock, and that the proceedings on other Government Business be exempted at this day's Sitting from the provisions of the Standing Order (Sittings of the House)."

Mr. STEPHEN: Can the Prime Minister inform the House what he intends to take to-night under this Motion?

The PRIME MINISTER: This is a Motion which is customary at this period of the Session and is put down partly in order that, in the event of the Debate ending before 11 o'clock, Government business may be proceeded with which could not be done on a Supply day without a Motion of this kind. The portion of the Motion which refers to taking business after 11 o'clock is for the purpose of making progress with small Orders, and it is usual when the Question is asked, to advise the House of what those small Orders are to be. It is proposed, if this Motion be carried, to take these three Orders after 11 o'clock:

Navy and Air Expenditure, 1925-26—Committee.

The Committee stage of the Post Office (Sites) Bill.

The Report and Third Reading of the Royal Naval Reserve Bill.

Lieut. - Commander KENWORTHY: Should not this be in the form of two Motions? Do not the two parts deal with different matters?

Mr. SPEAKER: I do not think this Motion is similar to another Motion on which such a claim as that has been made and in the case of which I have always granted that claim. There is another Motion which under the Standing Orders ought to be put as two Motions, but this Motion is different and is not governed by the decision given in the other case.

Question put.

The House divided: Ayes, 166; Noes, 56.

Division No. 256.]

AYES.

[3.27 p.m.]

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T.
 Ainsworth, Major Charles
 Allen, J. Sandeman (L'pool, W. Derby)
 Amery, Rt. Hon. Leopold C. M. S.
 Applin, Colonel R. V. K.
 Apsley, Lord
 Baldwin, Rt. Hon. Stanley
 Balfour, George (Hampstead)
 Balmiel, Lord
 Beckett, Sir Gervase (Leeds, N.)
 Bentinck, Lord Henry Cavendish-
 Bttertton, Henry B.
 Bird, E. R. (Yorks, W. R., Skipton)
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Capt. G. E. W.
 Brass, Captain W.
 Briscoe, Richard George
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brooke, Brigadier-General C. R. J.
 Buckingham, Sir H.
 Burgoyne, Lieut.-Colonel Sir Alan
 Burton, Colonel H. W.
 Butler, Sir Geoffrey
 Cadogan, Major Hon. Edward
 Carver, Major W. H.
 Cayzer, Sir C. (Chester, City)
 Cazalet, Captain Victor A.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hon. Sir J. A. (Birm., W.)
 Churchman, Sir Arthur C.
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cooper, A. Duff
 Cope, Major William
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Davison, Sir W. H. (Kensington, S.)
 Dixey, A. C.
 Drewe, C.
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Ellis, R. G.
 Erskine, Lord (Somerset, Weston-s.-M.)
 Evans, Captain A. (Cardiff, South)
 Falle, Sir Bertram G.
 Fanshawe, Captain G. D.
 Fermoy, Lord
 Foster, Sir Harry S.

Frece, Sir Walter de
 Gates, Percy
 Goff, Sir Park
 Gower, Sir Robert
 Grattan-Doyle, Sir N.
 Grotlan, H. Brent
 Guinness, Rt. Hon. Walter E.
 Hacking, Captain Douglas H.
 Hall, Lieut.-Col. Sir F. (Dulwich)
 Hammersley, S. S.
 Hanbury, C.
 Hannon, Patrick Joseph Henry
 Harrington, Marquess of
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Henn, Sir Sydney H.
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hopkins, J. W. W.
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, Capt. A. U. M. (Hackney, N.)
 Hunter-Weston, Lt.-Gen. Sir Aymer
 Huntingfield, Lord
 Hurd, Percy A.
 Hurst, Gerald B.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 Knox, Sir Alfred
 Lamb, J. Q.
 Lane Fox, Col. Rt. Hon. George R.
 Lister, Cunliffe, Rt. Hon. Sir Philip
 Locker-Lampson, G. (Wood Green)
 Loder, J. de V.
 Long, Major Eric
 Lucas-Tooth, Sir Hugh Vere
 Luce, Major-Gen. Sir Richard Harman
 MacAndrew, Major Charles Glen
 Macintyre, Ian
 McLean, Major A.
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 Maitland, Sir Arthur D. Steel-
 Makins, Brigadier-General E.
 Margesson, Capt. D.
 Marplot, Sir J. A. R.
 Milne, J. S. Wardlaw
 Mitchell, Sir W. Lane (Streatham)
 Moore Sir Newton J.
 Morrison, H. (Wilts. Salisbury)
 Nelson, Sir Frank
 Nicholson, Col. Rt. Hon. W. G. (Ptns'ld.)

Nield, Rt. Hon. Sir Herbert
 Ormsby-Gore, Rt. Hon. William
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Peto, G. (Somerset, Frome)
 Pilditch, Sir Philip
 Ramsden, E.
 Rawson, Sir Cooper
 Remer, J. R.
 Remnant, Sir James
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West- (Tynemouth)
 Salmon, Major I.
 Samuel, A. M. (Surrey, Farnham)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Philip Albert Gustave D.
 Savery, S. S.
 Sheffield, Sir Berkeley
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Lord (Fylde)
 Steel, Major Samuel Strang
 Stuart, Crichton, Lord C.
 Styles, Captain H. Walter
 Sugden, Sir Wilfrid
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell-
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Waterhouse, Captain Charles
 Watts, Dr. T.
 White, Lieut.-Col. Sir G. Dalrymple-
 Williams, A. M. (Cornwall, Northern)
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Womersley, W. J.
 Wood, E. (Chesh'r, Stalyb'dge & Hyde)
 Wood, Sir Kingsley (Woolwich W.)
 Worthington-Evans, Rt. Hon. Sir L.

TELLERS FOR THE AYES.—
 Colonel Gibbs and Major Sir George
 Hennessy.

NOES.

Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Baker, Walter
 Batey, Joseph
 Brown, Ernest (Leith)
 Buxton, Rt. Hon. Noel
 Compton, Joseph
 Cowan, D. M. (Scottish Universities)
 Dalton, Hugh
 Davies, Evan (Ebbw Vale)
 Day, Colonel Harry
 Duncan, C.
 Gardner, J. P.
 Garro-Jones, Captain G. M.
 Gosling, Harry
 Greenwood, A. (Nelson and Colne)
 Groves, T.
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Harris, Percy A.

Hartshorn, Rt. Hon. Vernon
 Henderson, Rt. Hon. A. (Burnley)
 Hore-Bellisha, Leslie
 Johnston, Thomas (Dundee)
 Kelly, W. T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lowth, T.
 Lunn, William
 MacDonald, Rt. Hon. J. R. (Aberavon)
 Mackinder, W.
 Montague, Frederick
 Morrison, R. C. (Tottenham, N.)
 Naylor, T. E.
 Palling, W.
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.

Scrymgeour, E.
 Shepherd, Arthur Lewis
 Simon, Rt. Hon. Sir John
 Smith, H. B. Lees- (Kelghley)
 Smith, Rennie (Penistone)
 Snell, Harry
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Thomas, Rt. Hon. James H. (Derby)
 Thomas, Sir Robert John (Anglesey)
 Trevelyan, Rt. Hon. C. P.
 Viant, S. P.
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Williams, T. (York, Don Valley)
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. T. Kennedy and Mr. B. Smith.

Ordered,

"That this day, notwithstanding anything in Standing Order No. 15, Business other than Business of Supply may be taken before Eleven of the Clock, and that the proceedings on other Government Business be exempted at this day's Sitting from the provisions of the Standing Order (Sittings of the House)."—[*The Prime Minister.*]

STANDING ORDERS.

Resolutions reported from the Select Committee:

1. "That, in the case of the Mersey Tunnel (Birkenhead Entrance, Etc.) Bill [Lords], the Standing Orders ought to be dispensed with:—That the parties be permitted to proceed with their Bill."

2. "That, in the case of the London Squares and Enclosures (Preservation) (No. 2) Bill, the Standing Orders ought not to be dispensed with."

First Resolution agreed to.

Report to lie upon the Table.

ESTIMATES.

First Report from the Select Committee, with Minutes of Evidence and Appendices, brought up, and read;

Report to lie upon the Table, and to be printed.

WRITTEN ANSWERS.

BRITISH BROADCASTING CORPORATION (COLONIES).

Captain FRASER asked the Secretary of State for the Colonies if any views were expressed by the representatives of the Colonies at the recent Colonial Conference as to the desirability of establishing in this country a wireless transmitter capable of conveying to the Colonies for redistribution the programmes of the British Broadcasting Corporation; and if the representatives indicated that their Governments would be prepared sympathetically to consider contributing towards the expenses incidental to such a service after the initiative had been taken by Great Britain?

Captain FRASER asked the President of the Board of Education if any views were expressed by the representatives of the Colonies at the recent Colonial Education Conference as to the advan-

tages which would accrue to their countries if means existed whereby they could hear British broadcasting?

Mr. AMERY: With my hon. and gallant Friend's permission, I will answer this question, together with that addressed to my right hon. Friend the President of the Board of Education, who has asked me to reply.

As regards the Colonial Office Conference, it was the general view of the representatives of the Dependencies that the institution of such a service, if found to be practicable, would be very widely appreciated overseas. While it was considered premature to ask them for an undertaking to contribute until the necessary experimental work in this country was further advanced, I do not for a moment anticipate that the Dependencies will show reluctance when the time comes to share the expense involved in instituting and maintaining such a service.

As regards the Imperial Education Conference, I understand that, in view of the experimental work still to be done before such a satisfactory broadcasting system could be established, no substantial discussion developed on the subject, though it was referred to incidentally in the course of the session devoted to the consideration of the position of wireless broadcasting in education.

INDIA.

"FORWARD" (PROHIBITION, BURMA).

Mr. THURTLÉ asked the Under-Secretary of State for India the authority, whether statutory or by Regulation, under which the action of the Government of Burma in prohibiting the circulation of the "Forward" newspaper of Calcutta in its territory was taken; and if this action was authorised by the Secretary of State?

Earl WINTERTON: Action was taken under Section 26 of the Indian Post Office Act, 1898. It was not authorised by my Noble Friend, nor was such authority required.

Mr. SCURR asked the Under-Secretary of State for India under what powers the Government responsible prohibited the introduction of the Calcutta

newspaper "Forward" into Burma; for what period the ban has been imposed; and whether any steps have been taken by the Government to extend the ban to copies of the paper addressed to individual subscribers in Burma and despatched from Calcutta by mail?

Earl WINTERTON: The Government of Burma took action, under Section 26 of the Indian Post Office Act, which authorises the interception in the post and disposal in such manner as is thought fit of any articles in transmission by post, including, of course, those addressed to individuals. I am not in a position to make any statement regarding the period of the enforcement of the order.

HOWRAH BRIDGE.

Mr. SCURR asked the Under-Secretary of State for India whether, in connection with the Howrah Bridge project, the Commissioners appointed to inquire into the matter have yet come to a decision with regard to the type of bridge to be constructed; whether any applications have been received from Indian engineers for permission to prepare plans and specifications for the new bridge; and if the Government, in conjunction with the local authorities, have taken any steps to commission the preparation of preliminary plans and specifications?

Earl WINTERTON: My Noble Friend has no information beyond what has appeared in the Press. The hon. Member is no doubt aware that this is a matter dealt with by the Governor, acting with his Ministers.

PAPER-PULP MANUFACTURE.

Mr. SCURR asked the Under-Secretary of State for India whether he will give information as to the proposed scheme for the utilisation of the bamboo of Bombay Presidency for the manufacture of paper-pulp and the establishment by the Government, in this connection, of a paper-pulp factory, either by direct action or through private enterprise; and what steps it is proposed to take in this matter?

Earl WINTERTON: My Noble Friend has no information on the subject. The development of industries is a transferred subject.

OPIUM CONVENTION.

Mr. THURTLÉ asked the Under-Secretary of State for India when the special Commission representing the League of Nations, which is to visit India to report to the League as to India's compliance with the Opium Convention, is likely to begin its investigations; and whether the Government of India or the Secretary of State for India has received any communication from the League referring to this inquiry?

Earl WINTERTON: I presume the hon. Member is referring to the Commission which is to decide, in accordance with the Protocol signed in Geneva in February, 1925, when the signatory countries have ensured the effective execution of the necessary measures to prevent the exportation of raw opium from their territories from constituting a serious obstacle to the reduction of consumption in the countries where the use of prepared opium is temporarily authorised. My Noble Friend has not received any communication from the League of Nations regarding this Commission, and cannot say when it is to begin its investigations.

CHINA (TIENTSIN).

Mr. WARDLAW-MILNE asked the Under-Secretary of State for Foreign Affairs whether any agreement has been reached with regard to the question of handing over the British concession at Tientsin to the Chinese, or whether any negotiations are in progress in this connection?

Sir A. CHAMBERLAIN: I would refer my hon. Friend to the replies given to my hon. Friend the Member for South East Essex (Mr. Locker) on the 2nd May and the 15th June last. The points reserved are still under consideration.

UNEMPLOYMENT (NORTHUMBERLAND AND DURHAM).

Mr. BECKETT asked the Minister of Labour the number of unemployed in Northumberland and Durham at the most recent date of which he can supply information?

Sir A. STEEL-MAITLAND: At 27th June, 1927, the number of persons on the

registers of Employment Exchanges in Northumberland and Durham was 131,344.

Mr. BECKETT asked the Secretary for Mines how many miners were unemployed in Northumberland and Durham on 1st June, 1913, 1920, 1925 and 1927, respectively?

Area.	22nd June, 1925.		20th June, 1927.	
	Number.	Percentage.	Number.	Percentage.
Northumberland	21,572	33·7	12,125	19·7
Durham	60,397	33·3	38,809	21·9
Total	81,969	33·3	50,934	21·4

Comparable statistics for June, 1913, and June, 1920, are not available.

NAVAL AND MILITARY PENSIONS AND GRANTS.

Mr. GROVES asked the Minister of Pensions whether he will consider the circumstances attending the refusal to entertain an appeal by ex-Private S. Robinson, 26, Maryland Road, E.15, No. 129,218, Royal Army Service Corps; and whether, as this ex-soldier is suffering from a disability due to war service, but failed through ignorance of the time limit to register his appeal, he will grant him an entitlement tribunal?

Major TRYON: As this man's claim in respect of debility was rejected in January, 1920, and no application has been made by him in the intervening 7½ years, I am, obviously, unable to agree that he is now suffering from a disability due to war service. I have no power to grant him an appeal, as the time limit within which an appeal must be lodged is fixed by Statute.

COAL MINING INDUSTRY (NORTHUMBERLAND AND DURHAM).

Mr. BECKETT asked the Secretary for Mines the latest figures of pits and men employed in Northumberland and Durham?

Colonel LANE FOX: At the 2nd July, the figures were 95 coal mines and 48,900 wage-earners in Northumberland, and 187 coal mines and 129,100 wage-earners in Durham.

Sir A. STEEL-MAITLAND: I have been asked to reply. The following table shows the numbers and percentages of persons classified as belonging to the coal-mining industry in Northumberland and Durham recorded as unemployed in June, 1925, and June, 1927, respectively:

Mr. BECKETT asked the Secretary for Mines how many pits in Northumberland and Durham were not working on 1st June, 1913, 1920, 1925 and 1927, respectively?

Colonel LANE FOX: On 1st June, 1925, 36 pits normally employing 14,100 wage-earners in Northumberland and 73 normally employing 29,300 wage-earners in Durham were not working. On 1st June, 1927, the corresponding figures were 28 (4,400 wage-earners) and 84 (13,900 wage-earners), respectively. I regret that similar information for 1913 and 1920 is not available.

Mr. BECKETT asked the Secretary for Mines the number of miners employed in Northumberland and Durham on 1st June, 1913, 1920, 1925, and 1927, respectively?

Colonel LANE FOX: The figures are as follow:

Date.	Number of wage-earners employed at coal mines in Northumberland. Durham.	
	Northumberland.	Durham.
1st June:		
1913 ...	59,200	160,100
1920 ...	60,900	170,600
1925 ...	48,900	146,200
1927 ...	51,900	134,600

Note.—The above figures include a small number of wage-earners employed at coal mines in raising or handling minerals other than coal.

Mr. BECKETT asked the Secretary for Mines what were the exports of coal

from Northumberland and Durham in the first quarter of the years 1913, 1920, 1925, and 1927, respectively?

Colonel LANE FOX: The quantities of coal exported from the north-east coast ports of England in the first quarter of 1913, 1920, 1925, and 1927 were 5,354,600 tons, 2,553,600 tons, 4,484,200 tons and 5,070,200 tons, respectively.

Mr. BECKETT asked the Secretary for Mines the output of coal in the Northumberland and Durham coalfields for the first quarter of 1913, 1920, 1925, and 1927, respectively?

Colonel LANE FOX: The figures are as follow:

		Output of coal in	
Period.	First quarter of	Northumber-	Durham.
		land.	
		tons.	tons.
1913 ...		3,500,000*	10,400,000*
1920 ...		2,971,000	8,275,000
1925 ...		3,189,000	8,549,000
1927 ...		3,628,000	8,963,000

* Approximate.

POST OFFICE, BIRMINGHAM (ACCOMMODATION).

Mr. W. BAKER asked the Postmaster-General whether his attention has been drawn to the fact that the retiring room accommodation provided for the staff in the new building at the Birmingham head post office is quite inadequate and most unhealthily congested; that the official meal-times do not permit of an increased use being made of the retiring room in the old building; that the staff proposal to use the flat roof to supplement the retiring room accommodation has been refused; that members of the staff are compelled to work under depressing atmospheric conditions in a basement and in artificial light for almost the whole of the day; and whether, in view of the benefit to the health of the staff and the greater efficiency of work which would result, he will consider having the roof prepared for use in the manner suggested?

Viscount WOLMER: The staff at the Birmingham head post office have a spacious and well-equipped dining room and sufficient time is allowed for taking

meals there. In addition, there are four retiring rooms, in two of which facilities are provided for the cooking of meals. All the rooms are well ventilated, but congestion occurs in one of the retiring rooms (used mainly as a smoking room) because little use is made of another equally suitable room (also used as a smoking room) which is 80 yards further from the dining room. The room referred to as a basement is presumably the parcel sorting office, which is at ground floor level at the rear. There is natural light by window, roof and pavement lights, and the ventilation and atmospheric conditions are considered to be healthy. Means of access and protective measures against accidents would be necessary to enable the roof to be used for the purpose in question, and in present circumstances I do not feel justified in incurring the considerable expense that would thereby be involved.

OLD AGE PENSIONS (MRS. E. PATMORE).

Mr. GROVES asked the Minister of Health if he will inquire into the circumstances attending the refusal of an old age pension to Mrs. E. Patmore, of 32, Cross Street, E.15?

Mr. CHAMBERLAIN: I would remind the hon. Member that I have already looked into this case at his request, and would refer him to the letter regarding it which was sent to him on the 1st instant.

POOR LAW RELIEF, NORTHUMBERLAND AND DURHAM.

Mr. BECKETT asked the Minister of Health the amount spent in Poor Law relief in Northumberland and Durham in 1913, 1919 and 1926, respectively; and the numbers in receipt of relief on 1st June in each of these years?

Mr. CHAMBERLAIN: The total net expenditure (other than out of loans) of the guardians of unions in the union counties of Northumberland and Durham on the relief of the poor and purposes connected therewith for the years 1913-14, 1919-20 and 1925-26—the latest year for

which the information is available—was as follows:

	Unions in the Union County of Northum- berland.		Durham.	
	£		£	
Year ended:				
31st March, 1914 ..	201,936		393,362	
31st March, 1920 ...	341,903		668,728	
31st March, 1926 ...	835,979		1,808,623	

The corresponding figures for the year ended 31st March, 1927, are not yet available.

The number of persons in receipt of Poor Law relief (excluding lunatics in county and borough asylums, casuals and persons in receipt of domiciliary medical relief only) in the above-mentioned Poor Law unions on dates on or about 1st June in the years 1913, 1919, 1925 and 1926 was as follows:

	Unions in the Union County of Northum- berland.		Durham.	
Saturday:				
31st May, 1913 ...	10,257		22,272	
31st May, 1919 ...	7,754		18,106	
30th May, 1925 ...	32,718		64,220	
29th May, 1926 ...	103,915		332,859	

TRADE AND COMMERCE.

MOTOR VESSELS (BRITISH CONSTRUCTION).

Colonel DAY asked the President of the Board of Trade whether he has any statistics that will show the number and the dead-weight tonnage of motor vessels that are at present being built in Great Britain; the gross tonnage of these vessels; and for which countries these vessels are being built?

Sir B. CHADWICK: According to the Returns of Lloyds' Register relating to merchant vessels of over 100 tons gross, 82 motor vessels aggregating 458,337 tons gross were under construction in Great Britain and Ireland at 31st March, 1927. Particulars are not given as to the dead-weight tonnage of these vessels, or the countries for which they were being built.

EXPORTS AND IMPORTS, HULL.

Lieut. - Commander KENWORTHY asked the President of the Board of Trade the total figures of the trade of

Hull, export and import, month by month, during 1926; and what percentage of this trade, month by month, was done with Russia during the same year, including cargoes to and from Russia shipped through Baltic ports not now in Russian territory?

Sir B. CHADWICK: The records regularly compiled regarding the trade of individual ports do not include monthly aggregates, or particulars of trade with individual countries.

ANCIENT FARMHOUSE, SMARDEN (PRESERVATION).

Sir L. SCOTT asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether he has observed that a very beautiful half-timbered farmhouse at Smarden, Kent, is to be offered for sale on the 12th instant for export from this country; and whether His Majesty's Government will take steps to make the export of such architectural possessions of the nation illegal?

Captain HACKING (for The FIRST COMMISSIONER of WORKS): The First Commissioner is aware that this house is for sale, but he has no knowledge of any intention to demolish it for export from the country. It is, in his view, inopportune at the present time to attempt to introduce legislation on this subject.

TURKEY (BRITISH CLAIMS).

Viscountess ASTOR asked the Financial Secretary to the Treasury the number of persons employed in Turkey by the Inter-Allied Commission to assess losses suffered by British subjects; the total number of persons employed by the British section of the Commission; the yearly amount spent by the Commission on their salaries, on rent, and other expenses since the Commission was set up in August, 1924; the number of British claims decided by the Commission up to 30th June, 1927; and of that number how many have been paid in full and how many have received advances, respectively?

Mr. MCNEILL: I am informed that the number of persons employed in Turkey by the Inter-Allied Commission

to assess losses suffered by British subjects is 12; the total number of persons employed by the British section is 25. The total expenditure of the Commission, which has to deal with French, Italian and Japanese claims as well as British claims, since August, 1924, is approximately £90,000. The number of British claims at present finally decided by the Commission up to 30th June, 1927, is 2,468. Of this number 948 claims have been rejected and 1,520 approved to a total amount of over £1,000,000. Many other claims are in an advanced stage of consideration. A dividend of 40 per cent. of the amount assessed is now in course of payment. No claims have been paid in full, pending the completion of the assessment of all the claims presented to the Commission.

Viscountess ASTOR asked the Financial Secretary to the Treasury whether he has received particulars of a claim submitted to the Inter-Allied Commission on War Claims against Turkey, in which an application for £766 compensation was made; whether the Commission assessed the damages of the claimant at £438 and, if so, the reason for the reduction, and, as the only amount paid to the claimant up to date is £175, whether there is any action he can take to expedite the payment of the full amount of compensation?

Mr. McNEILL: Particulars of individual claims submitted to the Inter-Allied Commission for the Assessment of Damage Suffered in Turkey, and the grounds of the assessments made, are not sent to the Treasury. The claims are dealt with by an international body whose awards are final. As regards the third part of the question, a 40 per cent. dividend is at present in course of payment on such of the claims as have already been assessed by the Commission; the final dividend will be paid as soon as all the claims have been assessed.

GOVERNMENT DEPARTMENTS.

INLAND REVENUE (TYPISTS).

Miss BONDFIELD asked the Financial Secretary to the Treasury the number of temporary staff employed in the offices of district inspectors of taxes, the Scottish collectors of taxes, and headquarters offices of the Inland Revenue Department, in each of the following grades: Grade 1 shorthand-typists, Grade 2 shorthand-typists, Grade 1 copying-typists, and Grade 2 copying-typists; and the average length of service of the shorthand-typists and copying-typists concerned?

Mr. McNEILL: The numbers are as follow:

	Shorthand Typists.		Copying Typists.	
	Grade 1.	Grade 2	Grade 1.	Grade 2.
District Tax Offices	166	442	—	—
Collectors of taxes, Scotland	—	—	—	—
Headquarters offices	—	—	39	18

The average length of service of the shorthand-typists is four years, and of the copying-typists 4½ years. Five Grade 1 and six Grade 2 copying-typists, who are not shown above, have been engaged in district offices for a limited period for special work in copying particulars from Income Tax (Schedule A) assessments which are required by local authorities.

STATISTICS.

Mr. C. P. WILLIAMS asked the Financial Secretary to the Treasury whether

he can furnish the following figures in respect of the Ministry of Labour, the Board of Trade, the Ministry of Pensions, the Board of Inland Revenue, and the General Post Office; the total male clerical class establishment, the total female clerical class establishment, and the total writing assistant establishment, authorised under Departmental reorganisation Reports; the total number of male and female clerical officers actually employed; the total number of writing assistants actually employed; the

total number of P-class clerks employed; and the total number of male and female temporary clerks employed?

Mr. E. BROWN asked the Financial Secretary to the Treasury whether he will furnish the following figures in respect of the Ministry of Labour, Board of Trade, Ministry of Pensions, Board of Inland Revenue, and General Post Office: the total male clerical class establishment, the total female clerical class establishment, and the total writing assistant establishment, authorised under departmental re-organisation reports; the total number of male and female

clerical officers actually employed; the total number of writing assistants actually employed; the total number of P-class clerks employed; and the total number of male and female temporary clerks employed?

Mr. McNEILL: The particulars asked for, as far as they are available, are given below. In a number of Departments the authorised establishment is not specifically allocated between men and women staffs. The particulars given relate to 1st June, 1927. The figures given in columns 2 and 3 include higher clerical posts.

Department.	Established Clerical Classes.		Writing Assistants (Established).		Numbers of unestablished Graded Clerks employed.		
	Authorised complement.	Number actually employed.	Authorised complement.	Number actually employed.	P Class Clerks.	Temporary Male Clerks.	Temporary Women Clerks.
1	2	3	4	5	6	7	8
General Post Office ...	9,369	8,949*	2,910	2,478	144	129	84
Inland Revenue ...	7,665	7,121	†	378	1,511	1,351	102
Ministry of Pensions	1,308	1,169	640	431	1,709	631	482
Ministry of Labour...	7,355†	6,849	614	389	1,950	1,642	704
Board of Trade ...	980§	920||	133	75	421	350	9

Notes.—(*) This figure includes 70 officers, assimilated to the Executive scale, who are redundant and blocking clerical posts.

(†) No figure can be given for the authorised establishment of Writing Assistants in the Inland Revenue Department as a whole, as the complement of Writing Assistants in the Branch of the Chief Inspector of Taxes has not yet been determined. In other branches 163 posts of Writing Assistants are authorised.

(‡) This number includes 216 temporary or supernumerary posts authorised in view of the existing volume of work. Posts of Employment Officer and Third Class Officer are included in this figure, and in the corresponding figure in column 3.

(§) This figure includes 16 posts authorised on a temporary basis only.

(||) This figure includes 75 officers, assimilated to the Executive scale (£1-400) who are redundant, and are blocking posts for clerical officers.

BRITISH ARMY (REMOUNT SERVICE).

Mr. SMITHERS asked the Secretary of State for War whether he will give the particulars mentioned under the following headings for the financial year ended April, 1914, and for the present year: the number of horses and mules on the British establishment; the number of

officers and other ranks, including civilians, in the remount service; the number of animals dealt with by the remount service; and the cost of the remount service?

Sir L. WORTHINGTON-EVANS: I am having a statement prepared, and will have it circulated in the OFFICIAL REPORT.

AGRICULTURE (NORTHUMBERLAND AND DURHAM).

Mr. BECKETT asked the Minister of Agriculture the estimated area of moor and waste land considered suitable for cultivation in Northumberland and Durham?

Mr. GUINNESS: The area included in the Agricultural Returns for 1926 as rough grazings, i.e., mountain, heath, moor or down land and other rough land used for grazing, was 520,450 acres in Northumberland and 130,310 acres in Durham. I am unable to give any estimate as to how much, if any, of this area is suitable for cultivation. According to my information, the area of waste land which might be used for agriculture is negligible.

Mr. BECKETT asked the Minister of Agriculture the acreage of land under cultivation in Northumberland and Durham on 1st June, 1913, 1920, and 1926, respectively?

Mr. GUINNESS: The acreage of arable land and the total acreage under crops and grass, as returned on the 4th June in each of the undermentioned years in the counties of Northumberland and Durham, were as follow:

Year.	Northumberland.		Durham.	
	Arable land.	Crops and grass.	Arable land.	Crops and grass.
	Acres.	Acres.	Acres.	Acres
1913	181,608	700,898	141,653	428,738
1920	209,102	683,597	163,670	419,426
1926	166,316	656,936	150,612	400,007

ORDERS OF THE DAY.

SUPPLY.

[11TH ALLOTTED DAY.]

Considered in Committee.

[Captain FitzRoy in the Chair.]

CIVIL ESTIMATES, 1927.

(CLASS 2.)

FOREIGN OFFICE.

Motion made, and Question proposed,

"That a sum, not exceeding £117,673, be granted to His Majesty, to complete the sum necessary to defray the Charge which will come in course of payment during the year ending on the 31st day of March, 1928, for the Salaries and Expenses of the Department of His Majesty's Secretary of State for Foreign Affairs."—[NOTE: £95,000 has been voted on account.]

Mr. PONSONBY: I beg to move, to reduce the Vote by £100.

I desire to make a general survey of the present condition of international affairs. In the ordinary course, this Debate would have been initiated by my right hon. Friend the Leader of the Opposition, but, in the circumstances of which the Committee is aware, my right hon. Friend is unable to attend as regularly in this House as he would like. It therefore falls to me to bring to the notice of the Foreign Secretary and His Majesty's Government certain considerations which make us, on this side of the House, regard the present situation in Europe with some apprehension. Our general view is expressed in the Motion which is put on the Order Paper for some future date, and in case hon. Members may not have noticed it, I would like to read the terms of it to the Committee. The terms of this Motion are:

"That this House views with apprehension the development of sectional alliances which lead to a growing tension between the nations of Europe, contribute to the sense of insecurity prevalent amongst the Governments, and indefinitely postpone any prospect of a substantial advance towards disarmament; convinced that peace can only be established on a permanent basis by a definite and open policy of fair dealing, conciliation, and respect for national rights, this House urges His Majesty's Government to abandon secret and sectional understandings which lead to jealousy and suspicion, to support at the Council and Assembly of the League of Nations the free discussion of

national grievances that have an international significance, and to take a bold initiative towards the establishment of national security guaranteed by the League of Nations, the settlement of international disputes by compulsory arbitration, and a drastic limitation of armaments."

The ground to be covered is necessarily very extensive, and I desire only to detach several points for special observation. The three main subjects into which I want to divide this discussion are the relationship between France and Germany, the relationships in South-Eastern Europe, and the present position of Russia. With regard to Germany and France, we in Parliament here are no longer able to consider the differences that may arise between those two great countries as a subject which is outside our purview and is no immediate concern of ours. Of course, international relations have always been our concern, but it becomes impossible for us now to adopt the attitude which we did in 1870, when there was, unfortunately, a conflict between France and Germany. That attitude on our part would no longer be possible. By the Pact of Locarno we have a very definite obligation. The relationship between those two countries is our immediate concern; we have to watch it with the greatest possible care, and, in the event of strained relations between those two nations and hostilities arising, we are in the very unenviable position, I think, of having to decide which is the aggressor and having to throw the forces of His Majesty on the opposite side. That is a tremendous commitment, and makes it very necessary that we here in Parliament should know very precisely all the ups and downs in the relations between those two countries.

We have noticed within the last few weeks that, in spite of the Pact of Locarno, there has been a change in tone between those two nations, and M. Poincaré's speech, answered by Herr Stresemann's, made us feel that the effort made at Locarno had not really resulted in any definite renewal of friendship between the two nations. On the contrary, we were apprehensive that another period of strained relations might arise between them such as arose some years ago. We should like to ask the Foreign Secretary what is the policy of His Majesty's Government with regard to the evacuation of the Rhineland? Are we following

whatever the French Government desire on that point? Eight or nine years after the War is over, when the Pact of Locarno has been signed and a guarantee of the friendship between France and Germany has been made, are we refusing to allow the evacuation of the Rhineland by an armed foreign force larger than the force of the German Army which occupied it before the War? Or are we taking a policy of our own, and are we looking forward to encouraging the evacuation of the Rhineland and urging France to come to some decision upon it? I think it is very important that we should know whether we have got any policy, or whether we are simply saying "ditto" to France.

Rumours are arising constantly all over Europe. Many of them may be without foundation, but we do not know, and without information we cannot deny them. The hon. Gentleman the Under-Secretary of State for Foreign Affairs, presiding at a luncheon of the Foreign Press Conference the other day, said in a very excellent speech that it was not only what statesmen said and did, but that the interpretation put on it by the Press mattered just as much. Unfortunately, the Press all the world over finds that crises and scares and strained relations are more paying than statements with regard to peaceable relations. In this commercial age, when every newspaper wants to get the highest circulation, we have on the part of the Press of the world a desire to magnify differences, and I cannot say that we can look upon the Press as very hopeful for producing a peaceful atmosphere. However that may be, the only way in which we can refute comments and statements in newspapers which are not true is by having information before us here in the House of Commons. So long as we are kept ignorant we shall very likely be deluded by the Press. Whenever possible the Foreign Secretary should give us full information and allow us to have the true facts of the case.

There have been comments and rumours that our policy with regard to the Rhineland is dependent on a settlement of the debt question between France and this country. Whether that is true I have no knowledge at all. If these two questions are not being dealt with side by side, are not interwoven,

perhaps the right hon. Gentleman will inform us this afternoon. I would also like to ask, before leaving Western Europe, whether the right hon. Gentleman noticed that M. Briand, in a statement issued to the Associated Press in the United States, made a very important pronouncement. In that statement M. Briand said:

"France is willing publicly to engage itself with the United States to put war as between the two countries outside the pale of law."

That statement received far less attention than it deserved. It is a gesture for what Americans term "the outlawry of war." I should very much like to know whether the right hon. Gentleman observed it, whether he does not think there is a hopeful line of advance in that direction, and whether he is prepared to make a similar arrangement with the United States and with France for the outlawry of war, that is to say, agree that all disputes between the two countries shall be settled by arbitration, and that in no conceivable circumstances will they have recourse to the brutal, senseless and futile method of international war. Another cause for apprehension on our part with regard to Franco-German relations is the French Conscription Bill. These might have been described in times past as the domestic affairs of a foreign nation, in which we have no concern, but, as I said just now, circumstances have changed, and we have the very closest concern in every phase of the relationship between these two countries, and I think it is quite in order for us in Parliament to ask for very full information.

With regard to South-Eastern Europe, which is always rather a hotbed of disputes, in that district we might regard the relationships between the Balkan States with more or less cool indifference were it not that here again we seem to have a commitment, or, if not a definite commitment, a relationship, which seems to make us specially interested. The Committee will have noticed during the last few years that of all the Governments in Europe the Government of Italy seems to have been singled out by His Majesty's Government for special favour. In September, 1926, the right hon. Gentleman the Foreign Secretary met Signor Mussolini at Leghorn, and

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they had a conversation. I am the very last person to object to Foreign Secretaries meeting one another and talking things over. I think an enormous amount can be done by personal contact in disarming misunderstanding, but we must remember that this Government, in the very first week of their life in 1924, declared that they did not think it necessary to continue the practice adopted by the Labour Government of making public all commitments and agreements, whether verbal or in writing, with foreign Governments. We do not know whether we may be committed in any way in conversation; we do not know whether there may not be some implicit agreement of which we are ignorant, and therefore we have every right to be suspicious and to ask for more complete information. An official communiqué was issued after the Foreign Secretary visited Signor Mussolini, in which it was stated that the two statesmen had

"examined the most important questions of the day and had confirmed the intimacy of the Anglo-Italian relations as well as the identity of the policy to be followed for the solution of the most important European problems."

That shows a very close and amicable agreement and something that means mutual support in the policy to be pursued. That was in September, 1926. The Fascist Press during 1926 had not been referring to the Locarno Pact with the approval which the Foreign Secretary, I should think, had expected. The "Tribuna" refers to

"The so-called spirit of Locarno as an expression of social democratic imbecility."

The Fascist Party Orders state that:

"The spirit of Locarno is evaporating with impressive rapidity. Soon nothing will remain but the faded label. . . . The whole of Europe is furiously arming."

After the Foreign Secretary had had that interview, Signor Mussolini made a speech on the 27th of May, 1927, in which he said:

"The spirit of Locarno has evaporated. Everybody is arming. Italy must arm. . . . Italy must be able to mobilise 5,000,000 men and to arm them . . . and our air force . . . must be so numerous that the surface of their wings must obscure the sun over their land."

That is the expression of the policy of this country which has been singled out

by the right hon. Gentleman and the Government. Not only does our Foreign Minister visit Italy, but other Cabinet Ministers visit Italy whenever they have a holiday, and they go off to see M. Mussolini. Even the Chancellor of the Exchequer went to Italy, and the Fascist Press were especially delighted with him, and the "Corriere d'Italia" said:

"Churchill had a better understanding of Fascism than many Fascists."

This peculiarly close intimacy between our Government and the Government of Italy necessarily makes one watch the policy of Signor Mussolini, and the world has been watching it very closely in recent times. Whether it is the question of Albania or Yugo-Slavia, we see disputes arising; we see a more truculent attitude on the part of the Italian Government, and we know by this and other indications that our Government is on the side of Signor Mussolini. Therefore, I think we have good cause for regarding South Eastern Europe as being in "anything but a peaceful condition at the present time, and we are rather doubtful whether the various differences among the nations of Eastern Europe are going to be amicably settled.

I come now to the situation in North Eastern Europe. I do not want to go into all the reasons which have caused the rupture of diplomatic relations between this country and the Soviet Government. I do not want to distract the attention of the Committee on this occasion by referring to the rather turbulent and acrimonious Debates which have frequently arisen in regard to the question of the Soviet Government. I will only say that while our policy in dealing with the Soviet Government was dictated by domestic considerations—and I am afraid also by party considerations—the repercussions it has had throughout Europe are not fully realised by hon. Members of this House. In this very delicate condition of the relations between European Powers which year by year seem to get more difficult to handle, to come down clumsily and break one of the main threads was, of course, to throw a great deal of suspicion on our action, and it has caused perturbation among the Central Powers and the smaller nations and Europe as a whole. I do not think that the full effect of this clumsy bit of diplomacy

has been realised. I believe there were a number of hon. Members opposite who expected that the French Government would do the same as we have done in regard to the Soviet Government, but the French Government are far too astute diplomatists to indulge in any elephantine diplomacy of this sort, and they would deal with such difficulties as they arose. The French Government would never think of doing anything so dangerous as to make a rupture between two great nations, thereby forcing the starting of rumours, which may be baseless but nevertheless have their effect upon the European situation.

There can be no doubt at all as to the danger which has been caused by this rupture of international relations. After all, the Russians have some justification for their fears. They remember how they were treated from 1917 to 1921, and they still think that a plot is being formed against them. I know the Foreign Secretary has repudiated any such idea, but the justification put forward by the Soviet Government to their own people seems sufficient for them to sound an alarm which is causing a great deal of trouble in Eastern Europe. Speeches on this subject have been made in this country which do not help. I see that the Home Secretary made a speech in which he said that the nations of Europe must unite together to stamp out Communism. If that be the opinion of hon. Members below the Gangway, then they cannot be surprised if the Russian Government consider that we are taking steps to unite the nations of the world to stamp out Bolshevism. They are perfectly justified, and if they seize every opportunity to do us a bad turn it is not surprising. The reason of the whole rupture came from

4.0 p.m. us. We were in a position to disregard what was going on, and their propaganda and all the rest of it. It was grossly exaggerated, always with a view of tarring the party, for which I am speaking now, with the Communist brush. That was the object of the whole campaign. Let us fight our domestic party squabbles within these islands. Food goodness sake, do not let us allow these absurdities to go out, and make trouble amongst the nations of Europe. That is what I mean—making it into a first-class European question,

which it is not at the present time. I dare say there are several hon. Members who follow the foreign Press, and they will see how newspaper after newspaper is talking about the manoeuvres we are making in order to surround Russia. Anyhow, none of us feel that this situation in Europe is peaceful. We do not see a peaceful Europe.

Then we turn to the League of Nations. I have always been a supporter of the League of Nations—a real League of Nations—and I had hoped that by means of that connection we should get international co-operation and conventions openly arrived at. I had hoped it would have a unifying influence, and my hopes were never higher than they were in 1924, when my right hon. Friend went to Geneva. Hon. Members opposite may laugh, but the atmosphere in 1924, compared with the atmosphere to-day in Europe, is a very different thing. In 1924, the hopes of peace were high. In 1927 we see nothing but dissension, faction and acrimonious disputes between the nations of Europe. More than that, the League of Nations is being relegated into a back seat to deal with secondary problems. The real business goes on behind the scenes. During the meetings of the Council, in June, the "Times" said:

"The Council met formally to-day and begins to deal with its agenda to-morrow, but, as is usual, its real work began in Paris and was continued in the train, to be elaborated in hotels and gardens, and, it is hoped, finally given concrete form in the Chancelleries of Europe. The League Council's chief usefulness lies in the fact that the formal questions to be debated, however important they may appear to the respective protagonists, really form the screen behind which the real work goes on."

The League of Nations has become a screen, and in the drawing-rooms and gardens, and in the right hon. Gentleman's own hotel the real work is done. China, Albania, Jugoslavia—all the really crucial difficulties are never brought before the League. There is always some reason found for preventing the League dealing with them—"You must not strain the League, or it will break." The League is not going to break by straining; it is going to die of inanition, with not being given the work it ought to do. The confidence of the peoples of Europe is being shaken in the League of Nations. The League does very excellent

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work in secondary matters, but whenever there is a vital matter between nations, a reason is always found for preventing the League from giving an opinion. On the contrary, we see sectional alliances growing up. And what is an alliance? It is always a war of preparation. This new character which the League is taking on is causing a great deal of concern to its best friend.

The SECRETARY of STATE for FOREIGN AFFAIRS (Sir Austen Chamberlain): I am sorry to interrupt the hon. Gentleman, but what are the new sectional alliances to which he alludes?

Mr. PONSONBY: I am coming to that. This new character which the League is taking on is causing grave concern to its best friends. We find a grouping and a manœuvring between the various nations and States of Europe and the world. Instead of this unified action of the League, we are going back to the sectional and particular action. The Treaty of Locarno was concluded in October, 1925. I have got here—I am afraid it is not complete—a list of 12 Treaties that have been concluded since that date. There was a Treaty between Turkey and Russia; a Treaty between Turkey and France of "mutual neutrality"; a Treaty between France and Yugoslavia, which is initialled only, and is not yet registered; a Treaty between Poland and Roumania for a defensive alliance, supported by France; a Treaty between Russia and Germany of "mutual neutrality"; a Treaty between Italy and Spain of "amity and mutual neutrality," to which, I believe, secret clauses are attached; a Treaty between Italy and Roumania; a Treaty between Russia and Afghanistan of "neutrality"; a Treaty between Russia and Lithuania; the Treaty of Tirana between Italy and Albania; a Treaty between Italy and Germany of "arbitration and friendship," and a Treaty between Italy and Hungary. One will notice, by analysing this network of Treaties very closely, that there is a tendency to form groups, to an orientation, to an attempt to make a policy of balance. You have France making a Treaty with Yugoslavia, Italy disputing with Yugoslavia, Turkey going on the side of France, Turkey against Afghanistan and Russia, and gradually

these Treaties, these sectional alliances, all those old diplomatic methods which we hoped the League of Nations would sweep away, are bringing us back into the same sort of atmosphere, and a worse sort of atmosphere than that which existed before 1914.

In an atmosphere of that sort, we cannot expect much in the way of disarmament, and the attempts that have been made at Geneva do not surprise us in their effect. Eight years have passed since the members of the League of Nations solemnly recognised that the maintenance of peace requires the reduction of the national armaments to the lowest point consistent with national safety and the enforcement by common action of international obligations, and here we are still with competition in armaments growing up, and, instead of what was expected, namely, an exchange of full and frank information with regard to armaments, each nation is still dependent on espionage for its information. And then they come together in the Preparatory Committee at Geneva, and there is issued the document which we have all been studying. To nobody who considers this document will it give hope of disarmament and peace. It shows us very clearly that this question has been tackled in the wrong way. It shows us very clearly that if you leave this question of disarmament in the hands of experts, you cannot possibly come to any sort of agreement. I do not blame the experts. Nobody ought to blame the experts. How can they find formulas which would be applicable to all the varying nations with all their varying circumstances? It is quite impossible, and this clearly shows how impossible it is.

There are disputes and differences on every conceivable point. There is a very grave dispute between the nations about conscription, and the limitation of trained reserves, a most technical and difficult subject. The difference is very natural, and agreement seems very far from being realised. There is the same difference with regard to naval and air effectives, as to whether naval armaments should be reduced in tonnage or classes, and no agreement has been arrived at as to how expenditure is to be limited. At the same time, we find that this Committee has not dealt at all with war material or

the manufacture of armaments. The existing Convention on Traffic in Arms should, of course, be ratified, but it has not been, and the projected Convention on the Manufacture of Arms should be completed and ratified. But that is not mentioned. Then we get international supervision. There are objections to that. Should there be an international body which would go round and see whether the limitation of armaments is carried out? Each national naturally objects to any such method being adopted. Lord Cecil says that you must trust the good faith of nations. Really, is it misleading the world for statesmen to attempt in peace time to draw up regulations, the observance of which depends on moral obligations, knowing that when war is expected, those moral obligations never have, and never will be, observed. You cannot trust the good faith of nations if they are expecting war, and if they deem themselves to be in danger.

These Regulations with regard to the restriction of armaments are not only waste of time, but they are deluding the people of Europe and the world into the idea that something is being done to abolish war. Nothing of the kind is being done. The experts go out, and they are quite determined they are to be prepared and ready, and are to have sufficient armaments, because they know their Governments, in certain eventualities, are determined on fighting. No Regulation, no limitation, no ratio, no standard can be found which will make the world safe from war while each Government has the nationalist ambition of preserving its supremacy or enforcing its demands by force of arms. The preliminary conference that has been called at Geneva is, perhaps, a more flagrant example of this futile method of trying to limit armaments. The experts go there; the experts are on their guard that nothing they do shall weaken their country. And they are quite right; it is their job; no one ought to blame them for a single moment; the people I am blaming are the Government, who try to delude us into supposing that these conferences mean anything. They mean nothing at all, and they will come to no sort of conclusion that is worth anything at all unless it be some trivial reduction in expenditure. The practical steps might be taken, but they are not taken. The fear of the aggressor

is the fear which stands before any Government, and, through every Government, every people is made to fear. This aggressive foe is going to attack this nation one of these days.

That is the war myth, kept up in war times, and kept up in peace times to make people pay for armaments and war preparations. Without all these technical Committees and conferences, there is a principle which might be laid down by the Government, a principle to which they have practically agreed in the Treaty of Versailles. That principle was laid down when Germany was disarmed in 1919, and, if the Governments of Europe were really sincere, they have only to adopt the same standards for themselves as they enforced upon Germany. There you have your principle, and then you send your experts to work it out. But the Governments of Europe have no intention of doing that. They send their experts to wrangle over the details, without giving them any principle upon which to work; and, of course, the result is bound to be failure. Another method of going forward would be, as I said at the beginning of my remarks, for the right hon. Gentleman the Foreign Secretary, on behalf of this country, to make a similar gesture to that which M. Briand made to the United States, and to initiate the idea of compulsory arbitration and the rejection of the weapon of war. If the right hon. Gentleman did that, he could hope for laurels that are far more enduring than the, unfortunately, fading laurels which he gained at Locarno. Only in that direction can some advance be made.

I believe that, in Europe as it is to-day, there will be no change so long as we drift back into the old road. You have alarming ambition in Italy, fear in Russia, resentment in Germany, suspicion in France, danger in Poland, confusion in the Balkans, mistrust in America, and war in China. [*Interruption.*] I quite admit that I have painted a gloomy picture, and I hope the right hon. Gentleman is going to prove that I am wrong. I shall have done some useful service if I can get a pronouncement that I am wrong. But my memory is long enough to remember the sense of false security into which we were lulled before 1914—[*Interruption*].—by secrecy

[Mr. Ponsonby.] and concealment. It is because I want to have an open declaration of how matters stand, and a denial that there need be such apprehension, that I have ventured to make the remarks that I have made. As it seems to me, there has not been the change that we expected. The voice is still the voice of war; the language is still the language of nationalism; the manner is still the manner of the old diplomacy, and the method is still the method of alliances and pacts.

Some time ago, M. Briand asked the representatives at Geneva to endeavour to learn European. I am afraid they have not even mastered the grammar. There is one language that they have made no attempt to learn at all, and that is the language of the common people, through which they might express the opinion of the multitude. Surely, the common people, the multitude, the mob, call them what they will, should be heard. However ignorant, however inarticulate they may be, it seems to me that they ought to have some say in the eventualities which may, and probably will, lead to the destruction of themselves, their women and their children by the hundred thousand and the million. The Governments of Europe would derive more inspiration from the blunt refusal of the common people to allow the quarrels of statesmen to precipitate them again into the barbarity of war than they will find in the manipulations and intrigues of the stale old game of diplomacy. I believe that at this moment what stands between us and other nations and warfare—actual conflict—is the determination of the peoples in all countries that they are not going to have it again. If the Governments were to abandon the weapon of war because the peoples loathe it, if they were to insist on compulsory arbitration because the peoples want it, if they were to make the League of Nations into a real instrument for expressing conciliation between nations and reaching disarmament, then I believe they might avert another terrible catastrophe, and they would certainly earn the gratitude and the blessing of countless generations to come.

Sir AUSTEN CHAMBERLAIN: I am a little embarrassed by an accident which,

I think, has interfered with the intentions of the right hon. Gentleman the Member for Carnarvon Boroughs (Mr. Lloyd George. I had been given to understand that he would follow the hon. Member for Brightside (Mr. Ponsonby), and I proposed later to follow him. He is unable to be in his place, and I was finding it a little difficult to decide whether courtesy required that I should reply to the hon. Member for Brightside or should wait for the, as far as I understand, uncertain arrival of the right hon. Gentleman the Member for Carnarvon Boroughs. I think that, perhaps, I shall best conform with the desire of the Committee if I speak at once.

As I listened to the hon. Gentleman—and I think that at moments he was conscious of it himself—he reminded me of a phrase that was more common among the ladies in my youth than it is in my old age. Ladies of the Victorian age were not unaccustomed to say that they had enjoyed a good cry, and it is not surprising that my hon. Friend, who has Victorian features about him, was indulging in that operation, which I must confess never had any particular attraction for me. The hon. Gentleman, I thought, was going to open a serious attack upon the policy of this Government. As he proceeded, I became less and less sure what was the case, if case there was, which he urged against the present Government, and which I was expected to answer. The hon. Gentleman, at a very early stage of his speech, expressed his distrust of the Press and of the mischief which they often did; but every statement of his which he wished to support, or attempted to support with any evidence, was based upon some statement in some newspaper. At one moment it was an English correspondent who said that the last Council meeting at Geneva had begun in Paris and in the train. In that case, it began without me, for I was not engaged in any confabulation, either in Paris or in the train, before I got to Geneva, which I reached by motor car from a different direction; and I was not aware, when I met my colleagues at the Council, or entered into conversation with any of those who were present outside the Council, that my liberty had been in any way impeded, or the interests of my country in any way jeopardised, by any private

conversations that might have been held at the station in Paris or in the sleeping cars by which they proceeded to Geneva.

The hon. Gentleman said that the Opposition have every right to be suspicious of the Government, and that right gives him so much pleasure, and so much scope for his imagination, that it would seem almost ungenerous to do anything to deprive him of it. But I can assure him, if he needs to be assured, that there is nothing secret about British foreign policy. There are no engagements or undertakings that are not known to the House of Commons, and I have more than once repeated, not merely for this Government but, as I believe, as a statement which every Government in this country has adopted, that it will undertake no future engagements on behalf of our country without submitting those engagements to Parliament and having the approval of Parliament for them. There are, therefore, no such commitments or undertakings as the hon. Gentleman, reading the Press, embroidering the news that it supplies to him, lying awake at nights anxiously pondering the future of Europe, feels lie behind the inadequate utterances of the present Secretary of State in the House of Commons. The hon. Gentleman is suspicious of the British Government. It is some consolation to me that he is equally or more suspicious of every other Government. There is no charge which he lays at our door which he will not equally lay at the door of all those other Governments. If there be a fault in our policy, it is that we have desired to co-operate with other Governments, and have not propounded schemes and plans which, however beautiful they appear in theory, would make confusion worse confounded, instead of carrying us by slow and modest steps along the path to peace and progress.

The hon. Gentleman observed, correctly, that since Locarno we cannot be indifferent to the relationships of the other nations of Europe, and, in particular, France. That statement is, of course, commonplace, but why did he affix that particular date? Does not the Great War show that without any treaties or agreements we could not be indifferent to the state of Europe, or to the relations existing between France and Germany, and if the example of the Great War is

not sufficient to enforce that truth, is not the fact that we signed the Covenant itself a committal, as it were, to take an interest in the maintenance of peace everywhere and in the settlement by peaceful means of every international dispute, however remote the subject of that dispute may be from our own particular interests? I agree that we are profoundly interested in the peace of the world and, whether by public treaty disclosed to this House and approved by this House, or by private conversation, or at the Council, in the Assembly or apart from the Assembly, all effort of British statesmanship is to reconcile all enemies, to remove, if by our good offices we can remove, or to help in removing, present causes of difference and to help nations to settle those differences which must inevitably arise in a spirit of good-fellowship and without resort to force. We have done our best, and not without some success, to remove suspicions, to facilitate the meeting of those who have to discuss differences and to help to settle some of these questions of which there are, naturally, an unusual number with us at so short a period after the War, but from which it is too much to hope that the world will ever be free.

In no more than a passing allusion the hon. Gentleman spoke of recent speeches made in France and Germany as if they were a reversal of this policy of reconciliation, which is not merely our policy but the policy of the Government of France, the policy of the Government of Germany and the policy, as I hope and believe, of all the other Governments concerned. It is very difficult when you speak of foreign affairs to measure your language so that you may say all that you wish to say, or think it necessary to say, to your own people and yet produce no false or exaggerated impression elsewhere. The hon. Gentleman is never tired of insisting upon open diplomacy. Open diplomacy involves controversy, and calls inevitably for a certain mobilisation of the Press in support of the orator of their own country, and it evokes an equal mobilisation of the Press of whatever country is the other party to the question discussed in the opposite sense. These things are inevitable. Do not let us exaggerate the consequences.

There is no reason to dispute the right hon. Gentleman's statement that 1927 is

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very different from 1924, but what reason is there to suppose that it is worse? I have attended every meeting of the Council and have been present for a time at each meeting of the Assembly since I accepted the Seals of the Foreign Office. I will say without hesitation, that if, instead of reading the tittle-tattle of an occasional correspondent, or his momentary impression, the right hon. Gentleman will consult anyone who has equally frequented all the meetings at Geneva, who was there before me and is there now, he will find a practical consensus of opinion—I wish above all to guard myself against the language of exaggeration and against holding out expectations which are themselves exaggerated, but in the sober language of truth the League and the Council are stronger to-day than they were three years ago, that the atmosphere is more peaceful than it was three years ago and that questions that could not be discussed and were not discussed three years ago are now discussed in that very spirit of friendly co-operation which it is the desire of the hon. Gentleman, as well as of ourselves, to see prevail in Europe.

The hon. Gentleman called attention to a striking statement of M. Briand made earlier this year in which he said the Government of France was willing to enter into negotiations or conversations with the United States of America for the outlawry of war between their two countries. I believe such conversations are likely to take place, and I need not say I unfeignedly wish them well, but that it would be an impertinence, and worse than an impertinence, if I were to indicate any opinion as to the lines on which such conversations should proceed. For ourselves, I hope between the United States and this country war is already outlawed, not on paper but in the heart and soul of every citizen. I know it is in the heart and soul of every citizen in this country, and I hope it is equally so in the great Republic of the United States of America.

The hon. Gentleman passed from these allusions—I can hardly call them a summary of the relations between France and Germany and ourselves—to consider our relations with Italy. It appeared to give him quite particular pain that those relations are cordial and satisfactory.

He said Italy had been made by this Government the subject of its special favour. Actually the Foreign Secretary, when taking a 10 days' holiday cruise in the Mediterranean with a friend, had responded to the invitation of Signor Mussolini to meet him at Leghorn. It is not only the Secretary of State who has thus conspired with Signor Mussolini. The Chancellor of the Exchequer and other Cabinet Ministers had passed through Rome, and I think it was suggested, and probably quite truly, that none of them had passed through Rome without paying a visit to Signor Mussolini. But we pass through Paris, and not only I, but my colleagues, pay visits of the same kind in Paris to the Minister of Foreign Affairs, it may be to the President of the Council or the President of the Republic, who has been good enough to receive some of us, or to the Minister of Finance, and we talk over matters. I beg the Committee not merely in words, but in fact to put away all suspicion. Had there been regular meetings of the statesmen who bore the largest weight of responsibility, who were charged with the daily conduct of foreign affairs before the War, is it not just possible that the results might have been different? Is it really to be a matter of suspicion if I meet the Prime Minister and the Foreign Secretary at Rome, or the Prime Minister and the Foreign Secretary of France in Paris, or if I met the Foreign Secretary or the Chancellor of the German Reich in Geneva, where I have met them, or in Berlin, as some day I hope I may?

On the contrary, the Committee may be assured that, as I have said and as I repeat, we have made, as a Government, no binding engagement committing us to ultimate action in case of war without those engagements being submitted to this House and without the House having an opportunity to express its opinion. But when you have that guarantee, for Heaven's sake do not hold it up as a matter of suspicion that the Ministers of two friendly States meet and discuss affairs of common interests, and do not suppose that because they find a coincidence of purpose in the maintenance of peace, in support of the League, in the effort to settle the difficulties which are disturbing the peace of the world, they have been engaged in

some base intrigue which they clothe under this show of fine words, and that, because two countries are friends, their friendship must be pointed against someone else. That is the most mischievous of international delusions. I suppose nothing did more to pervert Germany's policy before the War and to produce the catastrophe of the War than the obsession of the Germans that at that time it was their interest to keep other Governments quarrelling among themselves, and that any settlement between other Governments of their differences, any improvement in the relations of other Governments, was a blow to Germany.

That, I say, is the most fatal doctrine that can spread in Europe. That, more than anything else, was responsible for the Great War, which is still fresh in our memory, and it is a tragedy to see that same obsession, driven out of Germany, now taking root in another great and neighbouring country. The hon. Gentleman did not wish, as he said fairly, to debate our breach with Russia. He thought our diplomacy clumsy. He was quite sure that the French would do nothing so elephantine. They would prosecute or expel any Communist of whom they had reason to complain. They would tear up any documents of whatever character—whether trade agreements or otherwise he did not specify. I have never invited any other Power to follow our example. Each of us must protect his own interest in his own way. Each Government must do what is suitable to the circumstances of its own country and the necessities of its national defence. And if the hon. Gentleman, deceived by the perusal of nameless Continental journals, which, he says, are full of rumours, thinks that His Majesty's Government—I presume through me—have been attempting to form an anti-Russian block, then I say to him without hesitation that no Government in Europe is under the same misapprehension. The German Government know that it is not true. The French Government know that it is not true. The Italian Government know that it is not true. Every border State knows that it is not true. And they all know that, from first to last, so far from trying to involve them in our quarrels or disagreements, even before those that led to a rupture of diplomatic relations as since they have led to a rupture—I have told them all—they need

fear no criticism and no jealousy from the Government of this country if they should do anything to produce a *détente* or improve their relations with the Government of the Union of Soviet Socialist Republics.

Mr. PONSONBY: Will the right hon. Gentleman tell the Home Secretary what he has just told the Committee?

Sir A. CHAMBERLAIN: It is not necessary for me to repeat it to the Home Secretary. That policy is a policy of His Majesty's Government which the Home Secretary helped me to formulate at a Cabinet Council.

All these circumstances, this rather jejune summary and not very accurate picture of European history in the speech of the hon. Gentleman was but a prelude to his approach to the League. The hon. Gentleman complained that the League was now relegated to a back seat to deal only with secondary questions; that all the most important matters were settled either in Paris or in the train, or even in my room in the hotel in Geneva. Now let us get down to commonsense. I was asked at Geneva by M. Briand and Dr. Stresemann to invite the Powers to the Ambassadors' Conference and the representative of Germany to a meeting in my room. Would the hon. Gentleman have had me refuse? He shakes his head. He would have accepted as I accepted and gladly placed my room at disposal for a conversation which, I think, all would desire. If that be so, and it is so, and that is the whole of the story, why build this vast and mischievous structure of suspicion and misconception in so simple an affair? We met once in my room and we met once in M. Briand's room, to which we adjourned the discussion because, I am sorry to say, M. Briand was suffering severely at the moment.

What did we discuss at these meetings? I will tell the hon. Gentleman, rather negatively, I think, than positively. Though this much of the positive side I will say. I was invited to give an explanation of the reasons which had led to our rupture of diplomatic relations with Russia and to state, and openly decry, if I was willing, whether we meant to carry the quarrel any further. I gave to the gentlemen who were present an explanation of our reasons such as is familiar to the House; because it had been made by the Prime Minister and by

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myself in previous statements, before ever I had gone to Geneva and I repeated firmly, what is known to the Committee, that while breaking off diplomatic relations which had been abused to the point at which they were a danger, instead of a security, to peace, we had declared our intentions to make whatever arrangements were necessary for the continuance of trade, and that that was the best guarantee that we could give, if any guarantee were needed, that we on our side did not desire to push our differences any further, and that we did not invite any other Power to change its policy on our account. That much I say positively, lest my failure to say it should feed the suspicions on which so much of the public controversy turns. Otherwise, I say negatively, and I think it is the answer to the hon. Gentleman's suggestion that the business of the council is removed to these secret conversations, that, as far as I know, only a single question which had to be discussed at the council was discussed by us in the course of the conversations on those two afternoons. I hope I do not commit any indiscretion or embarrass anyone else if I say that that one subject was the addition of a German citizen to the Commission of Mandates, as to which Dr. Stresemann wished to know how the ground lay before making his decision whether to make a formal proposition in the council or not. Having therefore, I hope, disabused the hon. Gentleman, and as far as my words may reach and carry conviction, other people of the idea that we have arrogated to ourselves in some little conclave, sometimes big or sometimes small, to do the work, I ask the Committee to pause for a moment to consider what work the council has done in the course of the last two or three years, and whether it justifies the charge that it is left to deal only with secondary questions and that all big questions are removed from it.

The council arranged a settlement of the dispute which broke out in consequence of the frontier incident between Bulgaria and Greece where the frontier had already been crossed and where military operations were in progress, military operations to which an immediate halt was called and an almost immediate retreat of each party behind its own frontier. But for that machinery,

gathered at a moment's notice when the emergency arose, the incident might have led to very serious consequences. That was done by the Council of the League. The question of the boundary between Iraq and Turkey was settled by the Council of the League. The financial reconstruction of Austria and Hungary was made possible by the League, and, owing to its success, the financial control and supervision has been practically terminated in both countries. The admission of Germany to the League was secured, and the re-organisation of the Council of the League. Not one of these was a light task. Not one of these was a small question. All was successfully handled by the League, and the consequences of a breakdown or a failure to deal with them were averted. I do not need to dwell on the countless questions that have been in dispute between the free City of Dantzic and Poland, and upon the countless petitions from minorities under the Minority Treaties against this or that Act of their Government which have been examined by Committees of the council and dealt with by the council wherever occasion arose.

The council is doing its work. It is doing it with an ever increasing authority and certainty. But the council and the League are very young bodies. They have got their way to make. Wisely handled, prudently conducted, with some good fortune, which, we may hope, may be granted to us, I who try never to use exaggerated language, and I who am not given to loose expressions of faith without meaning, I say that my experience as Foreign Minister and as an attendant at the Council of the League has added to my confidence that the League will grow in power and strength and moral influence under the conditions that I have mentioned. But do not let the hon. Gentleman run away with the idea that because there is a League and a council it is, therefore, the business of the council to interfere, here, there and everywhere, as soon as they see any sign of disagreement, or that it is the business of every Government which has a difference which it cannot at once settle with another at once to invoke the League and carry its question before this great Council of the League. That is not my conception of the League; it is not my conception of the

purposes for which it was created, or the methods by which you can conserve its strength and its usefulness. It is the business of two Governments who have a difference to settle it between themselves. The League is a last resort. Something better than war, as a law court is better than resort to personal violence, but it does not mean that two nations which have a dispute are at once to go before the League, any more than that the existence of law courts mean that if two men have a dispute they are to take it straight into court, or someone is to bring it there against the will of them both, before they have had time or have made the effort which is incumbent upon them to settle it among themselves.

The hon. Gentleman did not give a true picture of the League, or a correct picture of the League, any more than his picture of Europe was a correct picture of Europe. At that point in his argument he dealt upon the particular treaties which have been signed. Look at the kind of treaty which he stated in his list with a view to showing how depressingly Europe is going back and how dangerous is the present situation—the treaty of amity and friendship between Italy and Hungary; the treaty of amity and friendship between Italy and Germany and the treaty of amity and friendship between France and Turkey. In each and every case, the treaty is in some measure one of appeasement and reconciliation between two Powers that were at war two or three years ago. It is from the signature of such treaties that we are to draw those gloomy inferences, and from the fact that these treaties are concluded that we are to assume that the League has become a shadow and no longer serves any useful purpose. The hon. Gentleman may have in his mind vast and ambitious schemes of a universal character. I mistrust them. They give scope for magnificent professions of faith, they give ample room for fine rhetorical effect, but they do not lead to business, and I think that the more modest efforts upon which we have concentrated, since the famous Protocol was got out of the way, have accomplished more than all the vast and ambitious schemes which the hon. Gentleman was no doubt silently regretting.

Then the hon. Gentleman came to disarmament. He alluded to this question so cursorily that I had a little difficulty in following him, alike in regard to the Preparatory Commission on Disarmament, which held its last meeting in May and which adjourned to the Autumn, and to the Conference between representatives of the United States, Great Britain and Japan, which is now in process at Geneva. The hon. Gentleman made some observations on this subject which surprised me so much that I wrote them down at the time. He takes a very gloomy view of the results of the discussions of the Preparatory Commission. He says that failure can only follow if you send experts to discuss technical questions; but he ignores the presence of men who, although they may become experts by study, are not experts by career in these matters of armament and disarmament, a man like my Noble Friend Lord Cecil, and his foreign colleagues of similar rank or extraction, who have presided over their respective delegations. He goes on to say that these conferences are doomed to failure, and that you cannot trust to the good faith of nations if they expect war. But all international relations depend upon the extent to which we can trust to the good faith of nations. Unless you can build upon some reasonable assurance of international good faith, you might as well give up not only all diplomacy but every kind and form of treaty or agreement whatsoever, whether they are negotiated between individual nations or groups of nations, or whether they are signed, sealed and solemnly delivered by all the nations in the League in the presence of the League Assembly. The hon. Gentleman not only discussed the good faith of other nations and told us that it is futile to build on the assumption that there is good faith, but he went on to say that the Coolidge Conference is an even more futile example of this kind. The hon. Gentleman would not allow a ray of sunshine to pierce through the gloom of his oration.

I do not want to be more optimistic than circumstances justify, but I do not by any means abandon the hope that, in the sphere of naval armaments to which the present conversations at Geneva are directed, these conversations may yet lead to a sensible relief of the burdens which

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would otherwise fall upon the peoples of the three countries which are there represented. If the hon. Gentleman is under the misapprehension, which his words seem to convey, that this conference means nothing to us; if he is under the impression that that is a true statement of the views of His Majesty's Government, he is under a complete misconception. It is quite obvious that I cannot enter here and now into a detailed argument or exposition of the British case—

Mr. LUNN: What has it done towards disarmament?

Sir A. CHAMBERLAIN: As it has been discussed and disclosed at Geneva; but I say this to the hon. Gentleman, that our delegation went out there with a carefully thought-out plan for the further alteration of naval armaments, and the efficacy and extent of the proposals which we were prepared to lay before the conference may be measured, perhaps, by this single fact, that for years to come they would mean a reduction, adopted by others following the same example, on the naval expenditure which we would otherwise have to incur of a sum nearer £50,000,000 than £40,000,000. You see the controversy which is going on in the Press. To my mind, and to the mind of our Government, the question of total tonnage is by itself insignificant, and a decision on total tonnage and that alone would by itself be ineffective either to check armaments or to secure further limitation. Unless some further limitations are to be put upon the number of ships which have the most aggressive character, which are accompaniments and parts of the great fleets, then the mere total limitation of tonnage would lead not to a reduction of naval competition, and not to a reduction of expenditure, but would involve all the parties in still further extension and still further expenditure. I cannot believe that when the proposals of His Majesty's Government, who mean a great deal, are fairly before the country; when it is possible fairly to put before the country both our own proposals and the proposals of foreign countries, there will be any doubt as to their reasonable character or as to the sincerity of His Majesty's Government in seeking to derive the greatest possible relief for our people and the

other peoples associated with us in that conference, called through the initiative of President Coolidge.

We can only move with other Powers. We reduced our Army without waiting for anyone else. Immediately, on the conclusion of the Armistice, without waiting for the conclusion of peace, we brought the size of our Army down to what is nothing more than the bare military police required for the purposes of such an Empire as ours. It is unthinkable to us that we should enter into competition with the United States of America in a new race of armaments. We do not attempt to suggest that in any class of vessel they are not entitled to parity, without criticism or objection from us, that their needs require. For our own part, we seek only to secure the special protection which is vital to an Empire so peculiarly situated as ours, on the lowest scale that we can arrange with other naval Powers, so that all our burdens and efforts may be lightened, and that the menace of war, if there be a menace of war, with big armaments may be removed. We must recognise, and I am sure that others will recognise, the difference between an Empire such as ours, which is scattered over every sea and divided by wide oceans, and the position of Empires which are practically self-contained, and whose communications in war would be unmenaced, even although they were engaged in a great struggle.

We in this island not merely desire trade as others desire it, not merely desire protection as others desire it, but we in this country whose supplies are only sufficient for seven weeks' subsistence of our people have to think how we can live, not how we should starve, if our sea communications were interrupted. These are obvious considerations, and they are considerations to which others, I am sure, will give due weight. As I hope and believe, through the Coolidge Conference may come proposals that will mark a real step forward in the limitation of naval armaments, and then, encouraged and moved by that example, a new stimulus may be given to the larger International Conference which is to meet to consider not merely naval armaments but land armaments and air armaments as well. We are faithfully discharging what we conceive to be the duties that our countrymen would wish a British Gov-

ernment in whosoever hands it is, to follow. We are seeking to avoid quarrels for ourselves, and we are seeking, where we can do so properly and usefully, to smooth the paths of others, and to reconcile their feuds or differences, or help them to reconcile them. We base our whole foreign policy on support of the League, and on appeal to the League in the last resort. All the purpose of this policy is to secure peace, not only for ourselves but for the world.

Lieut. - Commander KENWORTHY: The right hon. Gentleman always delights us with his Parliamentary manner and his great debating skill, if I may say so. I suppose he will be making speeches similar to the one we have just enjoyed, when the guns begin to shoot. He accused my hon. Friend the Member for Brightside (Mr. Ponsonby) of having a good cry, and he proceeded to have a very good laugh himself. I would remind him of what used to happen in the days of my youth, and I suppose it happened in the days of his youth. When people laughed too much at a comedy at the theatre, they sometimes reduced themselves to tears. In the latter part of his oration, I thought the right hon. Gentleman came pretty near to crying himself. He was very careful to avoid answering certain questions which my hon. Friend put to him, and I do not altogether blame him. If I were in his place, I should probably try to avoid answering such questions. I will put a few questions, which may or may not be answered later. In answer to a question which I put to the right hon. Gentleman last Wednesday, with regard to the Conference at Geneva about Russia, he spoke of the representatives of the six Powers which had met at the suggestion of M. Briand—

Sir A. CHAMBERLAIN: And of Herr Stresemann.

Lieut. - Commander KENWORTHY:—to explain the reason why we had broken off relations with Russia. It is a very extraordinary thing after the Debates in this House, after the White Papers that have been issued, and the speeches outside this House by Ministers of the present Government, great and small, that it should still require this private meeting in the right hon. Gentleman's hotel apartments in order to ex-

plain why we have broken off relations with Russia. I am not going to traverse the ground of the Russian situation, which will have to be debated in this Chamber probably before very long. If the representatives of these Naval Powers were to be given special reasons why we have broken off with Russia, was not the whole Council of the League entitled to the same explanation? The right hon. Gentleman rode off, when he was questioned on that point, by saying it was not on the agenda. Why was it not on the agenda? Why could not His Majesty's Government have had it placed on the agenda, and why should not a reassurance have been given to the world, through the Council of the League, that, although we have broken off with Russia, we are not going to push the quarrel further, as far as we are concerned? Why was it necessary to have a secret meeting of the six Powers? Why could not the matter have been declared openly before the Council and the world?

Before leaving the Russian question, I would point out that the right hon. Gentleman admitted that the atmosphere in Russia was similar to the atmosphere in Germany just before 1914. It will be remembered that, as a result of the *Entente Cordiale* and the understanding with Russia, the German Government led the German people to believe that they were being surrounded, and that Germany had to break through. That, as the right hon. Gentleman explained, was one of the causes of the War—the fear of being encircled. He now tells us, and he knows better than anyone else, from the information at his disposal, that the same fear now obtains in the Kremlin in Moscow. What is he doing to remove that fear? He admits that the fear is there. He says there is no foundation for it. He hopes that his words spoken in this House will reach the Russian people. What is he doing other than making speeches in this House to remove that fear? It is a serious matter.

There is another serious matter which claims our attention. We find that Persia is making a demand, similar to the Chinese demand, for the abolition of all capitulations. At one time, our influence in Persia was paramount. We were the most loved people and a people in whom the Persians had confidence. To-day the Persians are demanding the cancellation

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of all capitulations. The Persians are twisting the lion's tail over a most vital line of communication, the air route from Cairo to Karachi, the air mail route to India. If our air communication with India develop further, that route will be as important as the Suez canal route it to-day for sea communication. The Persians agreed with us to allow aeroplanes to fly over Persian territory, but they now refuse to permit them to fly over Persian territory. That position has gone on for two or three months, and that promising line of Imperial communication is held up. That is a serious position. Hon. Members opposite, when they are told to say something or when the newspapers tell them to say something, wax very indignant when there are any threats to our communications, but they are quiet on this point. We have weakened our position with Persia owing to our policy over Russia. I do not say that Persia is acting on suggestions from Moscow, for I believe that its policy is dictated by a high-minded Persian patriot who wants to lift his country up to a high position in the world. I am glad that he has risen to the throne of the Shah. The reason that he can defy us now and why he thinks it pays him to defy us is because we have broken with Russia. That is one example. The hon. and gallant Member for Maidstone (Commander Bellairs) laughs.

Sir A. CHAMBERLAIN: The dates do not support that conclusion.

Lieut. - Commander KENWORTHY: The right hon. Gentleman says the dates do not support that conclusion. Then, it is because of our strained relations with Russia. The break with Russia was only the culmination, the natural result of the whole attitude of the present Government.

Commander BELLAIRS: What is there vital about an aeroplane flying over Persia to India?

Lieut. - Commander KENWORTHY: The hon. and gallant Member's heart is still on the sea. He does not realise yet that we have ceased to be an island. Perhaps he has been reading the book called "The Great Delusion." He has not understood what the Imperial air

communications will mean to this Empire in the future. It is of very great importance to our trade.

Commander BELLAIRS: We may be allowed the route by then.

Lieut. - Commander KENWORTHY: The right hon. Gentleman has told us that he is a great supporter of the League of Nations and that he thinks things are much better as a result of the League's activities during the last three or four years. He was too modest to say that it was because he has held his present high office. Is it a fact that he has proposed that the Council of the League shall meet less often? Is it true that he proposes that the Council should meet once a year less owing to the amount of work occasioned? Is that so? If so, I do not think it shows a very great belief in the League of Nations and the work it is doing where great matters are concerned. I agree with the right hon. Gentleman as I agree with my hon. Friend the Member for Brightside in many things with regard to the League of Nations. While sharing the views of my hon. Friend, I also, in part, share the views of the right hon. Gentleman. The League of Nations performs, perhaps, its most important function by bringing statesmen of all States together, not only Foreign Ministers but Prime Ministers, and I agree that that is all to the good.

Furthermore, the League of Nations has a most efficient machine. It has built up an international civil service, industrious, capable, devoted, and when it can be used, when the situation in the world allows it to be used, to the full, it will be a blessing to all the nations of the world. The League is doing very useful work in preventing the spread of disease where possible, in preventing slavery where it can, white slavery and black slavery, in regulating the transmission of opium and other important duties. We must all recognise the great value of that work; but with regard to one of its prime functions, the bringing about of disarmament, as the Covenant of the League lays down that it shall, by agreement among the nations, so far its success has been exactly nothing. In spite of all the Commissions of experts, in spite of the Preparatory Commissions, in spite of the

great and devoted work of the Chancellor of the Duchy of Lancaster—we all recognise the sincerity of Lord Cecil in this matter and his untiring energy in this cause—the net result has been that not one battalion of infantry, not one battery of artillery, not one battleship has been disbanded or scrapped, not one new vessel has been stopped from being built, not one new aeroplane the less has been ordered, as a result of all the negotiations and discussions and conference that have taken place at Geneva. As far as I can see, especially after what has happened at the Coolidge Conference—I understood that it had been tacitly agreed that it would not be discussed to-day, although the right hon. Gentleman has made some very valuable remarks upon it—we can expect nothing from the League of Nations on the present lines on which it is going.

The problem of disarmament has always been approached from the wrong angle. So long as you recognise war as an institution, as a legality, as a possibility, you cannot lay down to independent sovereign States what armaments they shall have. You can do it in the case of defeated enemies, as in the case of Germany, Bulgaria and Austria, and you can get voluntary disarmament in the case of small nations like Denmark. And no one threatens Denmark. But you cannot say to nations like Poland and Roumania, who are exposed to the dangers of War, that they are to reduce their armaments, that we must have commissions to see that the armaments are reduced; you cannot get agreement so long as there is a possibility of these nations being attacked. If you wish to prevent the traffic in armaments, the sale and manufacture of munitions of war, if you want to bring about great reductions in armaments, you have first to abolish war as a recognised legality. The right hon. Gentleman alluded to, and welcomed, the statement of M. Briand inviting the United States Government to agree with what he himself called the outlawry of war between France and the United States.

My hon. Friend has asked whether the right hon. Gentleman proposed to make a similar declaration. The right hon. Gentleman in this connection used words which I noted. I was struck by their remarkable nature. He said—I am

paraphrasing his speech—that “for ourselves, we believe that the idea of war between the United States of America and England is already outlawed.” He said that we believed that in our hearts, and hon. Members opposite cheered here and there, not generally. “We believe in our hearts,” said the right hon. Gentleman, “that there can be no question of war between ourselves and the United States,” and a few minutes later he devoted his attention to the so-called Coolidge Conference at Geneva, and made a defence of the British position, in which he said that he thought public opinion would inevitably endorse our contention that it was better to have a limitation of classes rather than a total tonnage limitation, and the reason he gave was that when you have a total tonnage ratio—the matter must have been in everyone’s mind—then certain Powers would be able to build vessels of an aggressive type. The right hon. Gentleman must be referring to the United States of America, because at the discussions at Geneva we have declared that we will be satisfied with so many cruisers of ‘so many thousand tons, but that if the United States built a certain number of cruisers of 10,000 tons we must build a similar amount, in addition to the smaller cruisers required for the protection of our trade routes.

That was where the right hon. Gentleman nearly came to the verge of tears. They followed his humanitarian, sentimental declaration that our hearts were filled with the idea that war between us and the United States was already outlawed. The right hon. Gentleman has deluded himself. The sentence I have quoted regarding cruiser vessels shows that he has deluded himself. I want to ask the Under-Secretary of State, who is now present, why we do not make a similar declaration and invite a similar declaration from the United States. If we and the United States would make that declaration one towards the other, and invite other nations to come in with us, we should certainly be joined by many important Powers in Europe. Holland and Switzerland would immediately follow our example, so also would Denmark and Scandinavia. I see the hon. Member for Aberdeen and Kincardine (Mr. Boothby) smiling, but he does not seem to have noted the fact that

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I have mentioned the four Powers in Europe which are the most important financial countries, and banking is a force in this matter. Finance is an important factor when you are discussing war and rumours of war. If the French Government are prepared to make this declaration towards the United States we should invite them to make a similar declaration towards us. In this way you would have the beginnings of the outlawry of war. If nations like Germany, with her latent resources and potential strength, her science, and her great population; if France, with its military force, and ourselves and the United States of America, with Holland and Switzerland, would make this declaration amongst themselves, many other things would solve themselves.

You must approach this question of disarmament from an entirely different angle. This is not a matter of a few weeks or months, but if you begin now, and now is the time, I am sure it is an example which would spread. If you talk to the ordinary, decent-minded man or woman in this country, one who is not concerned with politics at all, and ask him or her whether war is a right thing as between nations, you will in every case get a negative answer. They will always agree, that is, every decent-minded person, I do not mean the professional alarmist, but the ordinary man and woman, that war should be made illegal. There is a general agreement in this House. Why not make a start? War should be looked upon as unthinkable, and as illegal, just as illegal as the raising of a private army in this country. Four hundred years ago it was a most respectable thing for a noble lord to raise his own private army against the King's Government. It is impossible now, because the man who starts a civil war in a country is looked upon with loathing and contempt, and when war between nations is looked upon as being as hateful a thing as civil war, all these other matters will settle themselves, including the private manufacture of armaments, the manufacture of munitions of war, secret diplomacy, all these problems will settle themselves. Now is the time to do it.

I fear that the Coolidge Conference at Geneva has been a failure. I regret it,

because I discussed it in America with many prominent men, including the leaders of the so-called big-Navy party. I had great hopes of this conference, but I fear that it is going to end in failure, and the position afterwards will be much worse than it was before. We shall be on the eve of a great race in naval armaments. I do not wish to dwell upon the matter to-night because it will have to be discussed on the Floor of this House before Parliament rises, and with all the facts before us. Even if some sort of agreement is patched up, many people will be greatly alarmed. Now is the time for a bold step on behalf of the Government, and I think they should seriously consider a suggestion as to whether they cannot follow the example of France and invite the United States to converse with us as to the declared illegality of war between us. If it is in our hearts impossible to fight America—and the position of Canada would make it impossible—then why not put the matter into a written, signed and sealed document? Then all these questions as to the number of cruisers, the number of guns, of submarines, and all the other things will settle themselves. We are always approaching this question of armaments from the wrong end. The League of Nations is hampered by being an institution which has to recognise war as a possibility. Its function is to limit war, to shut it off in a corner and prevent it spreading. That is an impossible task. There is no other way of preventing our drifting into war, because war once started will spread, and nothing will prevent it. If any two major Powers in Europe were at war to-day, the other Powers would follow, and nothing would prevent it. If we allow matters to drift as they are, we shall drift into another catastrophe worse than the Great War, from the effects of which we have not yet recovered.

Sir PARK GOFF: My only reason for intervening in this Debate to-night is that I represented the case of disarmament before our Inter-Parliamentary Union, and I attended Conferences on their behalf in Paris, Geneva, Washington and Toronto. I have studied this question for some years in all the countries of Europe, and in most of the countries of the world, from Moscow and Baku in the

East, to Lisbon in the West, from Scandinavia to the Balkan States, at Gibraltar, Brindisi and Athens and other places, and it is my most profound belief that this question is one of the most serious and, at the same time, one of the most important problems with which this country has to deal to-day. Those who consider the question of disarmament can be divided into two schools of thought, those who consider continual preparation for war as the greatest safeguard for peace, and those who support disarmament, security and arbitration. The world to-day is doing its best to devise some other means or settling our international difficulties than by the savagery of war. The economic lesson of the world War has been burnt into the conscience of Europe. Everyone is feeling the pinch of armaments to-day through taxes, prices, and unemployment. The reduction of armaments will certainly tend to relieve the one and reduce the other.

The League of Nations is pledged to reduction of armaments by Section 8 of the Covenant. This can never be the hasty product of a day. The organisation of peace is a far more complicated thing than the organisation of war. The habits and customs of centuries can never be wiped out by a stroke of the pen, nor can natural instinct. As far as I know, no means has yet been discovered to stop boys fighting at school. But I do think that a question of this sort requires the co-operation of all the experts of opinion of every shade to establish the possibility of a constructive scheme for the reduction of armaments and the constitution of a peaceful settlement instead of the arbitrament of force. We cannot afford, in a case of this sort, to indulge in any doctrinaire theory. The results must be presented at the bar of public opinion, and no such scheme, in my humble judgment, can ever be practicable or effective without the united backing of the public opinion of the world. This plan has taken two forms. It was adopted by the Fourth Assembly of the League of Nations in September, 1924, as a Treaty of mutual guarantee based upon the two chief principles, firstly, a guarantee to come to the help of one another against aggression; and, secondly, on the basis of this security, a general reduction of armaments. During the interval between the Fourth and Fifth Assemblies it was felt

by many Governments that the Treaty did not give sufficient guarantee of safety and security. So the Fifth Assembly concentrated on strengthening the guarantee and creating a more definite sense of security and safety.

This was done by adding the principle of compulsory arbitration to those of security and the reduction of armaments. These three were mutually independent, and would conserve the interests of peace and peaceful settlement. With the co-operation of America, which has been mentioned this afternoon, a new Armaments Traffic Convention has been instituted for the better control of traffic in arms. These nations have been doing invaluable work for a peaceful solution throughout the world, on this particular question. I am one who holds with a peaceful solution in any international dispute. If any one nation is in dispute with another and has to settle that dispute by war or arbitration, then I am in favour of arbitration. May I put it in this way as an illustration? Suppose that six nations, A, B, C, D, E and F, have signed a treaty of mutual assistance. If A attacks B it will find itself not only against B, but against C, D, E and F as well. If that were known to be certain it would be very improbable that A would venture to attack at all. This does not necessarily mean the limitation of armaments, which is the central object of the whole Treaty, but it does make disarmament possible, for a State can afford to reduce her own armies if she knows that the other armies will come to her rescue in time of conflict. There can be no limitation, therefore, without security, and there will be no security without limitation.

As regards America, we should all like to see the United States become a member of the League of Nations. Whether she does so or not, I feel that if the League is allowed to lie dormant she will despise it, but if the League becomes a real and effective means for preventing armaments and securing peace in Europe, she may not join the League but she will respect it. The United States of America is in a very different position from ourselves. She has an ocean on either side of her. She has huge territory, self-supporting, self-supplied and self-reliant, and the whole continents of North and

[Sir Park Goff.]

South America, from whom she need fear nothing at all. So the United States is in a position which entitles her to do without the League of Nations. But we in Europe cannot afford to do without the League of Nations. Where there are so many international obligations and rivalries, we cannot do without a League of Nations for the keeping down of armaments and for the future peace. I feel certain that if we can make the League a real agency in Europe for supporting these objects, we are far more likely to have sympathy and assistance from the United States of America. We know that the President of the United States signed the peace but did not ratify the peace. This was a great disadvantage to all of us in Europe.

Some people say that we should not complain, that we have no right to complain, that a nation can do what she considers best for herself. Other people say that we have a right to complain, that if the United States had backed up the original proposals at the time Europe would be much nearer a solution of her problems and difficulties and there would be far less misery in the world to-day. On the other hand, we have every reason to be grateful to the United States, because, although she did not join the League of Nations, nevertheless she agreed to go into the reparation question on its merits and agreed with us to try to find a solution of this question. The Dawes Committee, which is associated with the name of the distinguished American citizen who presided over it, did an immense amount of service in solving our difficulties. This American assistance was invaluable at the time and helped to clear the way for Germany coming into the League. We do not forget that America was the first to summon the Washington Conference, which resulted in the first decisive international Act of Parliament that the world has ever known. Her naval policy since the War has been so friendly to Great Britain that she has transferred her entire naval base to the Pacific coast, and has never once quibbled at our Singapore Base.

Pride of race and patriotism are inherent in every nation. Every nation has its obligations and responsibilities.

Great Britain is in a unique and isolated position. We are only a little island in the North Sea, entirely dependent upon our overseas Dominions, Colonies and Protectorates. Our Navy is essentially our first line of defence and the most powerful life insurance which we possess to-day. We are all in favour of the reduction of armaments to the fullest limit consistent with our national safety and our international obligations. The removal of fear is the first essential. The British Empire, in my humble judgment, has already disarmed down to, and possibly much beyond, the limit of safety. We cannot afford to economise in naval armaments, as our Empire is entirely dependent upon our sea communications. America has a territory of 3,000,000 square miles. We have a territory of 13,000,000 square miles, scattered throughout the globe. Yet, although we are in this singularly exposed position, we agreed to put ourselves on a level in naval armaments with countries which can never be in the same position as ourselves. We did this only because we honestly believed in the necessity of limiting armaments, and because we believed that an undertaking such as that at Washington would prove to the whole world how sincere and earnest we were in our desire for peace, and in the hope that the nation with whom we accepted this policy would go still further in the reduction of her own naval armaments. After all, we came by the sea, we live by the sea and our whole future is on the sea. Our navy is the strongest bulwark we possess and the only means of securing our daily bread. Therefore, that bulwark must always be kept in the most perfect condition. The British Empire is the British Fleet, and if we are to preserve the one we must maintain the other.

Captain GARRO-JONES: The Hon. Member for Cleveland (Sir P. Goff) has made a speech of great sincerity and a speech which shows that he has made a close study of the technical phraseology of disarmament. Speeches of that kind have been delivered here for the last 50 years, and I am sure that the hon. Member must have read them all, because there was not a phrase in his speech which has not appeared in at least one of those which have gone before. Fifty years ago the House of Commons passed a pious Resolution in favour of disarma-

ment—50 years ago, and periodically since that date this question has been discussed by the House. I would like to offer this in consolation to the hon. Member, that if his speech was full of pious phrases and diplomatic platitudes, it was no worse in that respect than the speech of the right hon. Gentleman the Foreign Secretary. For an hour the Foreign Secretary made a speech which, if any hon. Member studies the OFFICIAL REPORT to-morrow and takes a blue pencil, he will find it extremely difficult to underline a single sentence which means anything at all. The Foreign Secretary is an adept at making a speech which befogs the main issue. The subject for debate this afternoon is disarmament, and the right hon. Gentleman spoke for 45 minutes without referring to disarmament at all. He crammed into the last few minutes of his speech a few references to disarmament, which no one whom I have been able to consult can understand.

It is time that this question of disarmament was approached in a more drastic and realistic way. The Foreign Secretary appeared to boast that his record at the Foreign Office had been satisfactory, and, though that is not the subject of this Debate, I would like to remind the right hon. Gentleman of one or two events which have occurred during his regime. In the first place we all remember that after the Treaty of Versailles the German nation was compelled to disarm. That act was justified by an understanding that it was no penal measure to be inflicted on the German nation, but that it was to be followed by a general measure of disarmament among European nations. Many years have elapsed and no single step forward has been taken to meet that general understanding.

Notice taken that 40 Members were not present, Committee counted, and 40 Members being present—

Captain GARRO-JONES: I was saying when I was interrupted that no single step forward has been taken since the War towards any practical measure 6.0 p.m. of disarmament. The Foreign Secretary claimed that his regime at the Foreign Office had been a success. I ask him if he can point to a single diplomatic success which has been secured during his regime. He

boasted that the League of Nations had been able successfully to tackle big problems. We all remember that when the Italian Navy bombarded Corfu, the League of Nations was conspicuous by its absence and when this country politely suggested to Italy that the matter could properly be referred to the League of Nations, our representations were treated with complete disdain. The same thing occurred during the occupation of the Ruhr. Time and again, successive British Foreign Secretaries protested to the French Government that this step was illegal, but the only result was that the occupation continued as before.

Then there is the case of China. China is a member of the League of Nations but the League has proved itself quite unable to tackle the Chinese at all. I do not want it to be thought that I am criticising the League. [HON. MEMBERS: "You are."] I am going to examine the reasons why the League is wholly ineffective. It appears that, when these statesmen meet at Geneva, they relegate all minor matters to the Council of the League and attempt to settle all major problems in private consultations. I propose to read to the Committee a description of the League of Nations by Signor Mussolini. I am not sure if I have it quite accurately but I think this is a nearly accurate rendering of the French words. He described the League as "A convent of laymen, fantastic, impotent and, for that very reason, dangerous." I ask the Foreign Secretary how can he expect the League to exert a powerful influence on important diplomatic questions when a leading member of the League holds that opinion of its efficacy? It is hopeless for the League to attempt to settle these questions unless it has the complete confidence of the leading statesmen of each country and it has not that confidence at the present time.

I should like now to leave the question of general foreign policy because, after all, it is not the subject which we are supposed to be debating. We are supposed to be debating disarmament, and I propose to state, as briefly as possible, how I think that matter ought to be approached. Regarding land and naval forces, each nation has its own requirements, and the meetings and conferences held up to the present have sought to secure not so much disarmament as a

[Captain Garro-Jones.]
 balance of armaments. Each nation is striving to secure that strength in its armed forces which will enable it to defeat its enemies. I think the question ought to be approached in a different way. The easiest way would be to approach it in one field only. There are the naval forces, the land forces and the air forces. To begin with, we should try to confine the field of conflict to the naval and land forces. If we could secure the removal from the field of possible conflict, of air warfare, a great deal would be achieved. I suggest, however, that if we attempt to do so by allocating to each Power a certain air strength, whether in numbers, tonnage or gun-power, the effort will fail. I believe the only way to tackle it is by prohibiting air warfare altogether. The Under-Secretary will probably tell me that the time is not opportune, and that this is not the most favourable way of tackling the question. I am going to suggest a formula which, if put forward to a conference of European nations, would, I believe, find a great measure of accord. I hope the Under-Secretary will put the suggestion forward in responsible quarters—to the Prime Minister and the Foreign Secretary—that we ought to propose to Europe that every form of aerial warfare should be prohibited by international law. Doubtless I shall be met with the reply that the proposal is wholly impracticable, but at any rate it cannot be more impracticable than the efforts at Geneva to secure disarmament. It cannot be more impracticable than the efforts of the Preparatory Commission. I suggest that this should be put forward as a proposed rule:

"No weapon or material of offence or capable of offence, whether bomb, poison gas, machine gun or any other such weapon or material, shall be mounted or carried in air craft for any purpose of peace or war."

No doubt, objections will be raised to that proposal. It will be said that the use of air weapons should be allowed for aerial reconnaissance and for purposes of defence. It will also be said that the League of Nations should be allowed to have a punitive force of aircraft, in case it is desired to inflict punishment on some hostile tribe or to drop bombs on some natives who have refused to pay their taxes. One finds every conceivable objection put forward to a proposal of that kind; but

it is the only way to tackle the problem. Similar objections can be put forward to partial proposals. What is the substantial objection which would prevent the nations from coming together and prohibiting altogether the use of the air weapon in warfare? I believe that to be a practicable proposition, and I believe no other proposition to restrict air warfare is practicable. The more these conferences and discussions go on, the more we find that attempts to restrict warfare by mean, petty and small conceptions are certain to fail.

The question must be tackled in a more thorough and radical way. Some hon. Members above the Gangway take the view that the ideal way would be for this country to demobilise its armed forces altogether, and thus set a great and magnificent example to the world. I do not subscribe to that view. I respect the sincerity of those who hold it, but I believe it would not prove effective. I believe, however, if we could come together and prohibit warfare in the air altogether that would be a practical method. If the effort fails, what shall we lose? If this country had made every conceivable effort, and placed its cards on the table, surely it will not be in any weaker position if the hour comes when it is necessary to resort to war. It is just possible that the effort might succeed, and if it succeeded in the case of the air similar principles could be extended to the naval and land forces. Governments labour continually to secure the good will of the people of this country. There is nothing they can do in any field of political activity, which will more entitle them to the gratitude of the people than if they were able some day to go to the people and to say: "We have made, at any rate, a definite and practical step towards disarmament."

Mr. DUFF COOPER: The hon. and gallant Member told us once or twice in the course of his speech that the subject of the Debate this afternoon is disarmament and he blamed the Foreign Secretary for not having dealt at greater length with disarmament. But the hon. and gallant Member is mistaken. The subject of the Debate this afternoon is not disarmament. The subject of Debate is really the very lengthy Resolution referred to by the hon. Gentleman the

Member for the Brightside Division of Sheffield (Mr. Ponsonby). I forget the exact wording of that Resolution, but it urges a great many things on the Government, including the abolition of secret agreements and the adoption of a new line altogether in our foreign policy. That is the primary subject of our Debate, and the Foreign Secretary was, therefore, quite right in dealing at length with the considerations raised by the hon. Gentleman the Mover of the Resolution. However, the hon. and gallant Member for South Hackney (Captain Garro-Jones), although he said disarmament was the subject of Debate, was good enough to allow himself to deal with various other subjects, and he made what I can only describe as a mischievous attack on the League of Nations. He sought at some length to show the weakness and inefficacy of the League of Nations, and he went back to its furthest history, recounting every instance in which its activities had not been entirely successful. He concluded by saying that Signor Mussolini did not believe in the League of Nations—for which he bitterly reproached Signor Mussolini, having himself just given reasons why nobody should ever believe in it.

Apparently Signor Mussolini agrees with the hon. and gallant Member and others, in disbelieving entirely in the League. That he ever used the words which the hon. and gallant Member attributed to him, however, I can hardly believe. "A convent of laymen" seems a very odd description to apply to the League of Nations. Convents are not usually designed for the use of men, either lay or clerical. But it does appear that the real leader of the Liberal party, with regard to its attitude towards the League of Nations, should now be Signor Mussolini. The hon. and gallant Member raised the kind of criticism against the League of Nations that has been raised by other people all over this country. I was surprised to hear any body so well informed as the hon. and gallant Member bringing forward points of that kind. He asked how had the League of Nations dealt with China? How does he suggest that the League of Nations should deal with China? Everybody knows that it was absolutely impossible for the League of Nations to deal with China, and I fear I only waste

the time of the Committee in replying to the point. In China there was civil war. In China there were many different parties, and every one of those parties is represented in the League of Nations—

Captain GARRO-JONES: I did not intend to suggest that the League of Nations could have prevented civil war in China. What I did intend to suggest, though I may have done so imperfectly, was that the League of Nations might have taken some responsibility for protecting the rights of nationals of all countries when those rights were threatened by the actions of some body of Chinese.

Mr. DUFF COOPER: It was not so much the rights of nationals that were threatened, but their lives and property and the only way to protect life and property when it comes to dealing with an uncontrolled mob, is by force and the League of Nations, having no force at its disposal, is utterly unable to deal with a situation of that kind. The hon. and gallant Member went on to make some interesting suggestions with regard to disarmament—at any rate, he put forward one suggestion. It is an important suggestion, and I think deserves consideration, although I am not sure that the Foreign Secretary will yield to his representation that it should be put before the Prime Minister and receive the attention of the Cabinet. His suggestion was that all aerial warfare should be declared illegal from this moment and that every Power should agree to that proposition. There is something to be said for that proposal, but there are important arguments against it. In the first place, aerial armaments are the cheapest and most efficacious, and, if you are going to abolish armaments, in my opinion you ought to begin by trying to abolish the most expensive and the most useless. Aerial armaments are the kind which it is most easy to conceal. You cannot very well conceal a Dreadnought. Dreadnoughts are apt to be apparent to the naked eye, but it is very easy for a large country to have large manufactures of aeroplanes practically unknown, and if as the hon. Member for Brightside said, we cannot rely on the good faith of nations in these matters,

[Mr. Duff Cooper.]

we have no kind of guarantee that any undertaking of that sort will be carried out.

Then there is another important argument against the suggestion, which is that aeroplanes can very quickly be changed from a commercial purpose to a war purpose when the emergency arises. You cannot change an ordinary merchantman into a battleship at a moment's notice, but it is easy to change a commercial aeroplane into one that, if it will not shoot guns, will at any rate carry bombs and be able to drop them over undefended towns. That again is an important reason why that kind of disarmament alone would not be very useful, but, to my mind, there is another and stronger argument still, and that is that the menace of air warfare in the future is the most awful menace of all. It is going to render the next war very much more terrible than any war which has gone before: it is going to produce more cruelty and horror and destruction, and upon a wider scale, than the submarine or any other weapon yet invented. It threatens to wipe out whole cities, to kill women and children, and to destroy all the monuments of civilisation. That, you will say, is a very strong reason for doing away with it. I am not sure that I agree. I think, on the other hand, that it is much more important not to diminish the horror of war, but to let the people realise to the full what the horror of war is. If you are really going to get that hatred of war, that determination not to go on with it, which I agree with the hon. and gallant Member for Central Hull (Lieut.-Commander Kenworthy) in thinking is the only way in which you will ever get disarmament, the more the people of the world realise what the horrors of war are likely to be, the more likely they are to make up their minds to have done with it.

Lieut.-Commander KENWORTHY: My point is that if you have such horrors, people are afraid of them.

Mr. COOPER: You will never persuade them that those horrors do not exist. I remember 18 months ago, when there was an accident to a submarine, and a great many people wrote to the "Times" advo-

cating the abolition of the submarine, and many still hold that that is one of the first steps we ought to take. One gallant Admiral wrote a letter to the "Times," of which I have forgotten the exact wording, but the gist of it was this: He was very strongly in favour of abolishing submarines, which he called those ungentlemanly, dirty weapons, so that naval warfare would once more be the jolly, gentlemanly pursuit which it used to be in the past. I think that is the wrong attitude to take, and I am not in favour of abolishing submarines or aeroplanes. I am in favour of letting the people realise the full horrors of war, for only so shall we get into their minds a determination to get rid of war.

The hon. Member for Brightside, in opening the discussion, set before himself two different tasks. He attempted, in the first place, to draw as gloomy a picture as possible of the condition of Europe and, in the second place, to show in some way that His Majesty's Government were largely to blame. In the first part of his task, I think the hon. Member was singularly successful. It is never very difficult to draw a gloomy picture of any state of affairs in this unhappy world, and he certainly filled in the dark patches to the satisfaction, I am sure, of those who agree with him, but in his attempt to show that the Government were in any way to blame, I think he was less successful. He divided his speech into various parts, and he dealt first with the situation between France and Germany. I agree that the affairs of those countries now concern us so nearly that we must discuss them on the Floor of this House, but I cannot go so far as to take the view that, because they concern us so nearly, therefore the unfortunate Foreign Secretary has to explain every speech made by M. Poincaré and every article published in the "Tribuna." After all, whatever the "Tribuna" may say—and the actual words quoted from it were not very alarming; they were to the effect that the spirit of Locarno had already evaporated—I remember hearing 18 months ago the right hon. Member for Carnarvon Boroughs (Mr. Lloyd George) saying that the wine of Locarno had already turned sour. He forestalled the "Tribuna" by 18 months.

Then the hon. Member went on to justify, to the best of his ability, the

words of the Motion which he read to the Committee, urging the Government to give up secret and sectional agreements. A good deal has been said about sectional agreements, but how otherwise can anybody suppose that you can have agreements on all the myriad subjects with which the world is faced? Agreements must be sectional. The hon. Gentleman said that the state of Europe is much worse to-day than it was three years ago, when he and his friends were responsible for the conduct of foreign affairs. I think, on the other hand, it is very much better. I think the League of Nations itself is very much more powerful and stronger than it was at that time; and, after all, sectional agreements existed then just as they exist to-day, only there were not quite so many of them, because there had been three years less in which to make them. There were all the sectional agreements building up the Little Entente, the agreements between Germany and Russia, and the Treaty of Rapallo. Europe was full of sectional agreements then, and the only change is that a few have been added since that date owing to the lapse of time. If the three great Naval Powers of the world wish to come to an agreement with regard to the reduction of armaments, it is no use, and I suggest that it would be a waste of time, to wait for the adhesion of Switzerland, as the hon. Gentleman thinks. These matters must be done sectionally, one at a time, and it is in accordance with the true spirit of the League that they should be so done. All that the League says is that when the agreements are concluded, they should be published to the world and registered with the League, and that is a policy which we have loyally followed.

The hon. Gentleman did not make any direct accusations with regard to secret agreements, because I am sure that in his heart he knows perfectly well that no such secret agreements exist. He is not speaking like many of the ignorant people who speak on foreign affairs; he knows very well what our commitments are, or what they were three years ago. He has had the whole of the secrets of the Foreign Office displayed before him, and he knows that the old bogey that haunts the minds of readers of modern detective stories about secret agreements is pure nonsense, and does not exist, and

never has existed to any extent. If secret agreements are what the hon. Members opposite mean when they use the old shibboleth of secret diplomacy, I agree that secret diplomacy should be done away with, but I believe that it has been done away with, because there are not any secret agreements at the present time. If, on the other hand, secret diplomacy means secret negotiations, it is absolutely essential to the carrying on of diplomacy and of foreign affairs.

The hon. Member for Brightside quoted a great deal from the Press. He quoted from the "Times" correspondent at Geneva. I wonder if he read the leading article of the "Times" this morning, commenting on the possible failure of the present Disarmament Conference. If so, he will have seen that in the opinion of the writer of that article—no doubt, an opinion formed as the result of advice received from Geneva—the main reason why that agreement has failed, and the main danger of any real harm resulting from that failure, are owing to the fact that the various Powers concerned had come to no preliminary secret agreements, had had no secret negotiations beforehand. They did not know where they were, and those steps ought to have been taken. They ought to have found out exactly how far each Power was going to go, or, if not exactly, how far to some extent; there ought to have been some exchange of views put forward, as there must be before you get to the stage at which you can openly speak in a public place. If you have M. Briand at Geneva speaking for France, and our Government have certain proposals to make to him, it is much better that they should know first that they were making these proposals. We should say, "Do you think you can meet us in any way?" and he would perhaps reply: "I should have to consult my colleagues. I should have to see what M. Poincaré has to say with regard to that before I can give you an answer." He would find out, and no doubt urge his views upon his own Prime Minister and Government, and then get authority to go a certain length; whereas, if the proposal has been made for the first time in public, he would have to say, "I cannot agree with that proposal," and more harm than good would be done.

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That is why we must have secret negotiations, and that is why the clamour against secret diplomacy is largely fictitious. I hope the present conference may still result in some good. I confess that I always have been prejudiced with regard to the results of Disarmament Conferences, but although there is the danger that they may, they should not do any harm even if they fail. They, at any rate, serve the purpose of ventilating—to use a fashionable word—the whole subject, of allowing people to form views, of putting before the world what the real difficulties are, and of allowing the people of the world to understand or to see, at any rate, what the point of view of the other country is; and it is only by getting the people of the world behind the abolition of war that you are ever going to get real disarmament. The hon. Member for Brightside introduced the people into his peroration, but I do not believe he is a very good judge of the wishes of the people, if I may say so with respect. I know that if he had supreme power in this country, he would abolish the Air Force and the Navy to-morrow, but if he did there would be a revolution the day after, because it would be a most unpopular step.

It is only when you have the people really in support of that kind of policy, not in this country alone, but all over the world, that you are going to get any really satisfactory result, and I agree to a large extent with the hon. and gallant Member for Central Hull that we are inclined to approach this problem from the wrong end. We are inclined to use disarmament as a means to an end, whereas it is really a corollary that will naturally follow when the end is attained. I do not suggest that that end is in sight, and I am convinced that progress towards it must be very slow. It can only be done by education, by propaganda, and by changing the minds of men. I think we may, if we work together, and if we do not lose faith in the League of Nations, as hon. Members opposite seem to be inclined to do, if we continue to rely upon it in spite of many partial failures, and if we continue to work towards the end for which it was established, we may,

in the far and dim future, though most of us will not live to see it happen, attain the end we have set before us.

MR. MOSLEY: With the final observation of the hon. Member for Oldham (Mr. Duff Cooper) I find myself in considerable agreement, and I think that most of us on these benches will agree that disarmament must be the corollary of a favourable European situation. But when the hon. Gentleman, in his earlier remarks, said that the present unfavourable position of Europe was in no way due to the activities of his leader, the Foreign Secretary, we, on these benches, began to find our paths diverge. Before I come to an examination of that proposition, I should like to comment briefly upon one or two of the contradictions which the hon. Gentleman imagined he had discovered in speeches made from this side of the House. He began by finding, as he thought, a contradiction in the speech of my hon. and gallant Friend the Member for South Hackney (Captain Garro-Jones), who pointed out that the League of Nations was at present weak, and that Signor Mussolini, the friend and ally of the Conservative party, did not believe in the League of Nations. The hon. Member for Oldham replied by saying that Signor Mussolini naturally held the same view as the hon. and gallant Member for South Hackney, and that if the League was in fact weak, there was no reason to believe in it. But the real fact is that this new alliance between Italy and the present Government of Britain has reduced the League to impotence, and naturally these statesmen do not believe in the instrument which they themselves have done so much to destroy.

Major PRICE: Can you give us particulars of the alliance?

MR. MOSLEY: The hon. Member shall have full particulars later on, but he had better begin by the very helpful exercise of reading the speeches of the Chancellor of the Exchequer, which will improve both his information and his powers of speech.

Major PRICE: Speeches are not alliances.

MR. MOSLEY: I am sorry, but I cannot follow the hon. Member's not very audible observation any further. The hon. Member for Oldham, whose interesting

speech I was endeavouring to animadvert upon, strained our credulity rather too far, I think, when he pretended that secret understandings were confined entirely to preliminary discussions on such subjects as disarmament. The hon. Member said, "If disarmament proposals have to be made, how much better that there should be some preliminary discussion between the parties principally concerned." Of course, no one in the world would dissent from the holding of such preliminary discussions, but such a situation as that is very different from the kind of secret alliance or agreement which we are told does not exist; just as before the War we were told that secret agreements and alliances which envisaged military preparation and co-operation did not exist. Nobody knows better than the hon. Member that even if those agreements do not exist to-day—and on that subject, naturally, we can have no information—they certainly existed in the past and they have been exposed to the full view of mankind.

I should perhaps best deal with the further observations of the hon. Member in referring to the speech of the Foreign Secretary, whose ground was largely traversed by him. The Foreign Secretary expressed the fear that his speech would convey a false impression elsewhere. I venture to say that the Foreign Secretary need have no alarm. His speech will not convey any impression anywhere. It is tragic that at a moment of such gravity in a European situation of considerable menace there should be not only no lead from the Foreign Secretary of Britain but no coherent expression of policy or of opinion. The right hon. Gentleman the Foreign Secretary complained that my hon. Friend the Member for Brightside (Mr. Ponsonby) had indulged in a good Victorian cry. I did not notice this tendency, but that though a Victorian cry is not a pleasant pastime, it is not so dangerous as Victorian complacency and we had an overdose of Victorian complacency from the Foreign Secretary this afternoon. That complacency has resulted not only in the tears but in the blood of subsequent generations in the past, and it is a pastime in which we cannot afford to indulge in the present situation.

The Foreign Secretary went on to attack my hon. Friend because he had ventured to refer to the foreign press and

the almost unanimous view of the foreign press—a mistaken view, I think—that the right hon. Gentleman is engaged in some vast conspiracy, conducted with singular ability, for the encircling and enmeshing of certain Powers in Europe. The Foreign Secretary made light of the opinion of the foreign press, but I venture to say that when an opinion is held almost unanimously in the press of Europe, the Foreign Secretary cannot afford to laugh at it. If all the press says that Britain is preparing for war, the mere fact that they say it is likely to lead to war. In foreign policy it is not enough to have an evil intention, it is necessary also not to create the impression and the suspicion that you have that intention. Whether or not the right hon. Gentleman entertains the malevolence of those designs—and upon that matter I am not competent to adjudicate—at any rate he has by the clumsiness of his policy succeeding in creating the almost universal impression that he does hold those designs; and I will show later, by extracts from the most responsible papers of foreign countries, such paper as "*Le Temps*," practically the official organ of France, that that view is held and is stated frequently in the press of foreign countries.

When my hon. Friend mentioned a series of sectional alliances in Europe, the right hon. Gentleman seemed surprised at first to hear that any such thing was occurring, and he rose at the Box and said: "What are these alliances to which reference is being made?" My hon. Friend promptly read out a list of 12 to the Foreign Secretary, who presumably might have had some information on those subjects and have held this matter in mind. When he was informed of what my hon. Friend had in mind, the right hon. Gentleman read the published terms of those Treaties to prove that they were quite harmless and, if anything, beneficial documents. He said these Treaties refer to amity and friendship. Has he ever heard of a Treaty formed for the promotion of war? Has he ever seen a Treaty which declared to the world that it was an alliance between two Powers for the purpose of making war upon another Power? Every Treaty that has ever been made has been a defensive Treaty. The Triple Alliance was a defensive Treaty, the Entente was a defensive understanding, but the

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creation of these understandings and these alliances, ostensibly for peaceful purposes does in fact, as is well known, and now universally admitted, lead to that condition of suspicion and distrust which inevitably brings war in its train.

My hon. Friend did not refer to one Treaty which is very typical of these Treaties, and the words of that particular Treaty do not contain many expressions of amity and friendship. There was a Treaty between Italy and Roumania—to which, I think, my hon. Friend did not refer—agreed upon in September, 1926. That Treaty, according to the "Times," was to defend the mutual interests of the two countries if threatened, and if their interests were threatened they were going to take measures to safeguard them. That may be amity and friendship between Italy and Roumania, but it is a new and very significant development in Balkan politics. I do not know how much amity and friendship is contained in that Treaty towards other countries in the vicinity of those two nations. It is really a straining of our gullibility too far to ask us to believe that if a treaty is formed which contains the words, "Amity and friendship," no sinister purpose of any kind can lurk behind it. Perhaps our credulity was strained even further when the Foreign Secretary said that between him and Signor Mussolini was a coincidence of purpose—I took his words down—in the maintenance of peace and in the support of the League. To tell this Committee that the purpose of Signor Mussolini, as we may judge his purpose by his public utterances, is the maintenance of peace and the support of the League, and that in that purpose there is a coincidence with the views of the present Foreign Secretary, is really to treat Parliament and the country, if I may say so, with derision.

What is the main indictment, as I see it, of the policy of the Foreign Secretary. The indictment is that, whether in fact or only in appearance, he has created the impression that he is using Italy, and the Fascist regime which rules in that country, as an instrument for the encircling and the overthrow of Soviet Russia. I know that in Debates on foreign affairs it has been the custom in the past not to state these things

bluntly, but when they are being stated daily in the foreign Press, when they are believed not only by masses of the people abroad but by very distinguished men in European countries, there is nothing to be gained by concealing these fears and these suspicions which have arisen in connection with British policy. It is far better to have the matter out, to let the right hon. Gentleman make his defence and, if possible, to explode these fears. I would point out to him that Ministers in his own Government, if not he himself, have very materially assisted those fears. First of all there was the notorious utterance of the Under-Secretary for the Colonies. I think that utterance is well within the memory of the Committee, and that I need not read it again. It was a reference to Locarno as a *bloc* being formed against Soviet Russia. I believe that the Under-Secretary for the Colonies did take steps on that occasion to throw some doubt upon the actual report which appeared in the "Observer," but it certainly created a most deplorable impression upon the Continent of Europe. We need not, however, rely on those comparatively old instances of this kind of thing. We have our perennially discreet Home Secretary, who on 30th June last was reported in the "Times" as saying this:

"He thought the time was approaching when many of the nations of the world would come to the conclusion that Communism in its extreme form was an enemy of mankind."

Then there was applause from the Conservative benches:

"He was not sure but that all nations of the world in the near future would have to combine to stamp out this form of belief and propaganda."

When a responsible Minister, with the applause of the Conservative back benchers, makes a speech like that, utterly unchecked by the Government of which he is a member, not repudiated or rebuked by the Foreign Secretary, how can we complain if suspicion is entertained not only in Russia but throughout the foreign Press and throughout the Chancellories of Europe?

When we record the belief that Italy is being used as an instrument, we have some grounds on which to proceed. Our first apparent relationship with Italy

after the present Government took office was in the support which Italy gave us over the question of Mosul. That support, again according to the foreign Press, was repaid not very much later by the support which we gave to Italy on the Abyssinian question, and we were so unfortunate in that policy followed in conjunction with Italy as to antagonise Turkey as well as Russia. To those two countries has now to be added renaissance China, which we have already antagonised, and Japan, whose friendship we have lost to a large extent by the building of a foolish and provocative dockyard at Singapore. [Laughter.] Really, when we hear the laughter which emanates from the profundity of the hon. Gentleman's information, I would say that it is not necessary for him to read the Japanese papers, he can read translations into European papers of articles and speeches made by Japanese statesmen and journalists which entirely support the point I have just made.

The right hon. Gentleman, after two years of his policy, has succeeded in creating a block of nations including Russia, Turkey, China and Japan resulting in antagonising the nations of the West. That was a situation envisaged by the Kaiser who actually painted a picture illustrating a war between East and West with himself standing at the head of the nations of the West in shining armour. A minor alteration has now been made in the central figure of that picture, and in place of the Kaiser in shining armour we have the Foreign Secretary in shining monocle. [HON. MEMBERS: "Order!"] But where the Kaiser failed, the right hon. Gentleman has succeeded. For 20 years German diplomacy strove to bring about this situation. In two years the Foreign Secretary has created a clean division between the nations of the East and West, and he has succeeded in driving these Eastern nations together in the bonds of a common outlawry. Having succeeded in forming this Eastern block, the right hon. Gentleman proceeded to re-divide the nations of the West. His use of Italy in his anti-Russian policy led to one of the most serious features of the whole situation, which is our estrangement with France. Our first dealings with Turkey over Mosul were

followed by a treaty between France and Turkey. In the years that follow we find a steadily increasing tension between France and Italy, a tension which it is no good disguising because it is notorious, and this fact has been drawn attention to, not only by the "Manchester Guardian" but by many French newspapers. There has been a growing tension between France and Italy which has made it increasingly difficult for Britain to support Italy and all her projects without antagonising France.

I am sorry to say that these tendencies have developed, the Foreign Secretary has lost almost entirely the good feeling which the previous Foreign Secretary brought about between this country and France, and he has done this at a moment when the mollifying factor of British influence was so much required. These tendencies have reached their climax in the Treaty of Tirana and the situation which arose from that Treaty. The Foreign Secretary has denied that during the Leghorn conversations he was told the terms of that treaty, and, of course, we accept his explanations. That, however, is not the real charge. The charge made from these benches and in the French Press was that the right hon. Gentleman was informed of the principles of that treaty and the general tendency and outline of that policy, and he gave his approval to the advance of that policy, and an assurance that it would not meet with any restraint or antagonism in the policy of this country.

That has been stated almost universally. It has been stated in the French newspapers and the "Manchester Guardian," and a specific denial has never been forthcoming. The words of the right hon. Gentleman's reply can very easily be held to exclude the charge which has been made in the foreign Press. The quarrel between Italy and Jugo-Slavia is intimately connected with the foreign policy of France, and this incident has created suspicion in France in regard to the whole foreign policy of this country. You cannot have such a relationship as that which now exists between the foreign policy of this country and Italy without creating disquiet in France in the present relationship between those two countries. As long as

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the Chancellor of the Exchequer goes to Italy and makes such extraordinary speeches, you cannot be surprised that disquiet in France increases. The Chancellor of the Exchequer in Rome learnt all the wisdom of the Duce except the vital secret of how to control his followers, and that was the talisman which I wish he had brought back with him. That was the one secret which was not revealed to him. This seemingly insensate support of Italy has led to the most serious situation in Europe. It has already led to the loss of our influence with France, and we cannot now get France to expedite the evacuation of the Rhineland.

In this way we lose the grip of our influence on French policy which we used to have just when French policy was becoming more liberal in its tendency. Consequently, we have not had the opportunity of using that influence to promote a permanent foundation for European peace. Now that opportunity seems to have passed away altogether, and the liberal tendency in French policy is beginning to suffer from a retrograde influence. It may well be that the support we have given to the Fascist policy may prove very greatly to have affected the relationship of Germany and France. In European affairs, with their present inter-connection and complication, a mistaken policy pursued in one part of Europe has a reaction over the whole. It can be argued that this extraordinary policy of using Italy in this way has led to a recrudescence of European difficulties which seemed to be passing away some few years ago. I do not believe myself that the Foreign Secretary is really the Machiavelli he is represented as being in the European Press, a man of extraordinary power and ability, coldly plotting and scheming to enmesh Russia. That is not our homely conception of the Foreign Minister. It is rather a comical picture of His Majesty's present advisers. I leave to others to determine whether they are Machiavellian in their intentions, for my part I rest assured in the belief that they never would have the wit to execute them. This hopping from one side of the road to the other is a pathetic rather than a sinister spectacle. This is not the wisdom of the serpent. This is the in consequence of the rabbit. Nevertheless, we have to

admit that the muddler and the blunderer is often more dangerous than the criminal. Although he may be a man with the best intentions, he may arrive at a yet worse result. When a Minister pursuing such a blundering policy leads, the world may believe that he is a brilliant and clever schemer, but he is really the most dangerous kind of statesman we can have at such a juncture to direct the foreign affairs of this country.

It is really useless for the Foreign Secretary to argue that the condition of Europe to-day is better than it was when he first took office. When the Labour Government came out of office, the age-long quarrel between France and Germany was appeased. The reparations problem had been reduced to manageable proportions, although it was not entirely solved. When the right hon. Gentleman took office he found that sectional alliances and understandings were being rapidly overcome, the isolators of Russia and pariah countries was destroyed, and they were restored to the comity of Nations. [Interruption]. Do hon. Members opposite believe that the relationship between Russia and this country was worse in 1924 than it is to-day? Are we in a more favourable position in regard to our dealings with Russia to-day than we were a few years ago? [Laughter]. Unless we are, that laughter has no meaning, but I am always ready to admit that Conservative laughter may have no meaning. What I have stated is no overdrawn case of the situation in Europe when Labour vacated power. According to the Foreign Secretary's admission this afternoon, we have now sectional alliances, regional understandings, and 12, 13 or 14 sectional treaties have been signed since the right hon. Gentleman took office which have gradually spread over the whole map of Europe. The authority of the League of Nations has been undermined and the Protocol was destroyed by the present Government. The conditions which should precede any practical scheme of disarmament, namely, arbitration or security, have been destroyed by the first speech made by the Foreign Secretary in which he stated that this country would not submit to arbitration where its interests were concerned. That is the situation which the right hon. Gentleman has succeeded in bringing about.

It is always difficult to ascribe the exact measure of responsibility which should be meted out to any individual statesman or any individual country, but this at least we may claim, that the fall in British prestige is due to the vacillating lead which directed British policy, and wherever you look in Europe you find that the Foreign Secretary has thrown the weight of British authority into the scales of reaction. The nations of Europe will remain in this unhappy position until we have a Government in this country that is prepared to give that lead in foreign affairs which Europe expects from the Government of Britain.

MR. BOOTHBY: The hon. Member who has just sat down has delivered a very entertaining speech which I think might do a certain amount of harm if taken seriously upon the Continent of Europe. But I am perfectly certain that it will not be. He appears to be

7.0 p.m. almost obsessed by the idea that we have got an alliance with Italy. Let me assure him that such an alliance only exists in his own feeble imagination. I happened to be in Rome at the time when the Chancellor of the Exchequer made his famous speech which was quoted by my hon. Friend. I can assure him that nothing in that speech, if it was carefully read, could give rise to any apprehension that an alliance existed between this country and Italy. There was only one remark in it which might have caused pain to the hon. Member, and that was when the right hon. Gentleman made some forcible comments on the subject of Leninism. But the right hon. Gentleman has never at any period concealed his views on the subject of Leninism, and he was merely repeating what he has often stated before and since, namely, that he did not, and was not, in any way partial to that particular form of government.

Afterwards, the hon. Gentleman proceeded to attack the hon. Member for Oldham (Mr. Duff Cooper), because he had accused the hon. Member for South Hackney (Captain Garro-Jones) of contradicting himself, but really the hon. Member for South Hackney, having expressed the hope that the Committee would not for one moment think he was criticising or intending to criticise the League of Nations, proceeded to say that

in his opinion the League was wholly ineffective, not partially ineffective or functioning badly at the moment, but wholly ineffective. It seems to me, if I were to say that the speech of the hon. Member for Smethwick (Mr. Mosley) was wholly ineffective, he would be fully justified in saying I was criticising it, and I think the hon. Member for South Hackney did contradict himself in that respect. Then the hon. Member said that it was a very menacing fact that so many treaties had been signed between individual countries in the last few years. Does he really expect the right hon. Gentleman the Foreign Secretary to come down and in some way stop a foreign Power from signing a treaty which is properly registered with the League of Nations? The thing is impossible. In what way is the right hon. Gentleman responsible for these treaties, even if they are a menace—and I disagree in nine cases out of 10 that they are—to the peace of Europe?

The hon. Gentleman went on to reprove the right hon. Gentleman for not reproofing the Home Secretary for saying something which apparently conflicted with the right hon. Gentleman's policy. I seem to remember an occasion in which another Home Secretary did that. Perhaps it occurs more or less frequently in regard to Home Secretaries, but there was an earlier occasion when the Home Secretary in the Socialist Government expressed himself on foreign affairs in a manner which caused great dismay all over the country, and I think it quite frequently happens that Members of the Government have bursts of ardour on subjects which particularly appeal to them, and which cannot always be controlled. Then the hon. Member painted a very lurid picture of the great Eastern problem, which he said the right hon. Gentleman had built up against this country and talked of the right hon. Gentleman leading the forces of Western civilisation against the East. That is surely childish. The whole of the Liberal Members and a good many Labour Members in this House have expressed profound admiration for the patience and skill with which the Foreign Secretary has handled the Chinese problem from the very beginning. He has handled it with such skill as to commend it to the admiration practically of the civilised world. The

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only thing I will say about the hon. Member's speech is that we ought to be very grateful to him that he at any rate accuses the Foreign Secretary of blundering rather than of carrying out a deliberate Machiavellian doctrine.

On the other hand, my hon. and gallant Friend the Member for Central Hull (Lieut.-Commander Kenworthy) made a very optimistic speech and told us he was convinced about a great many things. I wish I shared all his convictions, because they were very often optimistic. However, I am disposed to agree with the hon. and gallant Member in so far as I believe also that Holland and Switzerland would at any rate undoubtedly enter a conference for naval disarmament with considerable enthusiasm. I think he was quite right in expressing hopes that such a conference would come to a successful conclusion. But the hon. Member for the Brightside Division (Mr. Ponsonby) was very pessimistic indeed. He painted a very sombre picture of the present conditions of Europe and said that we were now standing under the shadow of war and that we were basking in a false sense of security similar to those existing before 1914. If we were really in that false sense of security before 1914 and if, as he himself said, the policy of the Liberal Government in concealing the real facts, had been so largely responsible for the War, I can only express my surprise that he, who was a Member of that Government, did not attempt to raise the curtain and show the danger.

Lieut.-Commander KENWORTHY: He was not a Member of the Government.

Mr. BOOTHBY: He was in this House supporting it. [An Hon. Member: "Private Secretary to the Prime Minister."] The hon. Member for Brightside ended that speech by saying that he hoped we should in the near future trust the people of Europe to prevent war. If we are to put our trust in the mob—that is his own expression, which I use—I think the chances of peace will be very few and far between, because surely it is axiomatic, and agreed by all historians, that the greatest danger to the peace of the world is a democracy that is allowed to run riot. The only hope is that the leading statesmen will

so control the democratic ardour and fervour of the nations of Europe that they will be able to check tempers from rising and passions from being allowed free play.

I should like to ask the Committee to direct its attention—for one moment to the present position in regard to disarmament. What is the present position? We have for the last 10 years led the way and given the lead to the whole world. Take the case of the Army. Nothing like the reduction we have made has been seen in the history of the world. We have demobilised an army of 4,000,000 men until we have only an army which is barely sufficient for exercising the functions of a police force. We have an Air Force which is barely capable of defending London from Continental attack—London which is the arterial centre of the Empire.

Lieut.-Commander KENWORTHY: Not that.

Mr. BOOTHBY: I bow to the superior knowledge of the hon. and gallant Gentleman. Then we come to the Navy, which has been demobilised from 42 Dreadnought to 15 Dreadnought battleships at present. I do not think anything like that—if you take the whole fighting sphere, including the Navy, Army and Air Force—has been done by any other country in the world. I only want to make one brief reference to the Geneva Conference. The hon. and gallant Member referred to the Conference, and I share his surprise and dismay that even after he had personally recommended it to the President of the United States its course should not have been so smooth as we at one time hoped. However, the fact remains that the Conference is in jeopardy. I beg the Government not to give way to the United States upon the subject of cruisers. These cruisers cannot in any conceivable circumstances be used as weapons of defence. They cannot be used against the battle fleets of any Power in the world nor in conjunction with a battle fleet except for the purpose of securing information. The only thing for which they are of the slightest use is protecting our trade.

The CHAIRMAN (Mr. James Hope): I do not know what exactly has passed, but it is hardly relevant to introduce purely naval matters into this Debate,

particularly if the hon. Member who proposes to do so has not given notice to some representative of the Admiralty.

Mr. DALTON: On that point of Order, may I mention that the Foreign Secretary did refer to this Conference, and I hope your ruling is not so narrow as to prevent us from expressing opinions about it.

The UNDER-SECRETARY of STATE for FOREIGN AFFAIRS (Mr. Godfrey Locker-Lampson): On that point of Order. While it is perfectly true the Foreign Secretary did refer in very general terms to the discussions taking place at this Conference, he also said—and it was generally agreed—that he could not possibly deal with what is going on at the Conference at the present moment.

The CHAIRMAN: The question with which the hon. Gentleman was dealing may be a matter of policy, but what I was referring to was that it would be impossible to debate naval questions on this Vote, and that they must be deferred to the Admiralty Vote. There is also the more important point that it should be so deferred if Members have not given any notice to the representative of the Admiralty.

Mr. BOOTHBY: I am quite ready to leave the subject now. The only reason I mentioned it was that the Conference had been referred to at considerable length by the Foreign Secretary, who spoke upon the subject of cruisers for five or 10 minutes, and gave reasons why we ought to hold out on that subject.

The CHAIRMAN: If that be so, I will not stop the hon. Member, except to ask him not to go further than is really necessary in introducing any fresh naval technical matter.

Mr. BOOTHBY: I was only covering ground that had been traversed before, and I am quite ready to leave the subject. My only object in touching the matter was to show that we had been doing more than any other country in the world in the matter of disarmament. There are, of course, many problems in Europe to-day. There are the problems of the Balkans and Poland and other countries which will take patience and skill and time to solve, but which, I am perfectly certain, can be solved with a spirit of

good will. There are two fundamental problems in foreign affairs which overshadow all the rest and which, perhaps, stand more in the way of real genuine disarmament, because policy must precede active disarmament itself in every problem which concerns the world. The first problem is that of France and Germany, and that resolves itself at the moment into the question of the military occupation of Germany. I do not want to say anything about that, because on these matters one has to speak very carefully, but I do beg the right hon. Gentleman to realise that he is assured of the support of the Whole House if he will use every endeavour he possibly can to terminate that agreement at the earliest possible moment. As long as Germany or any portion of it is occupied by Allied troops, there is bound to be a sense of uneasiness, insecurity and resentfulness on the part of Germany; which it is vital we should clear away at the earliest possible moment.

I want just to refer to one other subject which is even more delicate than the subject of France and Germany. I apologise for having to come back to it, but I will detain the Committee only briefly upon it. There is no doubt that, as long as diplomatic relations between London and Moscow remain ruptured, the Russian situation is bound to remain also uneasy. It is quite useless to have any extensive plan for disarmament either by land or air so long as we have no relations with Russia whatsoever, because, unless you get Russia to come into the Disarmament Conference and agree to the limitations of armaments, it is useless to talk about the matter at all. Russia has one of the most formidable Armies and Air Forces in the world to-day, fortified by every new modern invention, and, so long as that goes on and unless we can get her to come in, it is childish to talk about any substantial disarmaments either on land or in the air.

I am optimistic enough to think that there has been a slight improvement in the situation with regard to Russia, and I put it down to a certain extent to this: In the past, the Russian question has been a question at issue between the political parties of this country, but, since the break with Russia, the question has been less bitterly debated, and has

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become less a question at issue between the Socialist party and ourselves. It is a very noticeable fact that the Labour party have not lately made great political capital in the country, so far as one can see, out of the break with Russia. I do not know whether it is that the fact that the Bolshevik Government deliberately murdered 20 people as a gesture to the civilised world has given the Labour party an insight into the somewhat astonishing mentality of the Soviet Government, but the fact remains that they have not come to the support of the Soviet Government lately to anything like the extent that they used to. The clash between the parties is less severe, and, simultaneously, the Bolsheviks have directed far more bitter attacks upon the hon. Member for the Forest of Dean (Mr. Purcell) than they have upon the Secretary of State for Foreign Affairs. That is all to the good.

Before we can ever get a satisfactory solution of this Russian problem, we must, as a nation, present to the Bolsheviks and to the Soviet Government a united front. It must be remembered that, whenever a question like this is brought into the arena of party politics, every sort of exaggeration and every sort of distortion takes place on both sides. Both sides magnify any evidence that there may be. According to the Socialist party, nothing that we can possibly do is ever right, and, far more, nothing that they can do is ever wrong. When you get two political parties fighting over an international question, a question of foreign policy, as has not been the custom in the political history of this country for the last 100 years, you are bound to get an unsatisfactory handling of the matter. I am hopeful and sanguine enough to believe that in the very near future we shall be able in this country to present a united front to the Russian Government, and to lay down, not as a party but as a nation, the terms on which we will have those people back. Those who believe in the possibility of a *coup d'état* in Russia occupy a somewhat different position. They would, naturally, be anxious to bring to bear upon Russia as much pressure, economic and, if necessary, military pressure, as possible, but, for myself, I do not think that, owing to geo-

graphical considerations as much as anything else, such a *coup d'état* is possible. Therefore, if we do not conceive of any such possibility, we must pin our faith to the gradual evolution of Russia and the development of trade with that country.

I am very glad to see that Lord Birkenhead, who has recently made in another place one of those speeches of his, which are so full of apprehension—which has, happily, turned out to be unfounded—has recently made two speeches in the country in which he laid it down that the attitude of His Majesty's Government is that they do not contemplate, and would not ever contemplate, keeping Russia out of the pale of the civilised comity of nations, that they do not contemplate with equanimity—as no one who knows can possibly do—the position of an indefinite breach of all diplomatic relationships between that enormous country and the British Empire. Therefore, I would beg the Government to make it quite clear that, if and when the Russians announce to their own people, as they have never done before, that their policy is going to be to keep absolutely clear of the British Empire and of all foreign countries, and, further, that they will abandon and renounce the policy of world revolution—if they will make it their business, and if we can announce as a nation that, when they make it their business to create such an atmosphere as will render a further conference possible between Russia and this country—we should take a further step towards disarmament and towards a general political stability which does not exist at the present time, and I believe that ultimately we should get them back, and that they might in the end be induced to come back on those terms.

I would beg the Opposition to back up the Government in any statement of policy that the Government may lay down. If the Government say, "We will not have these people back unless and until we can get undertakings, in which we can believe, that they will leave us alone," and if the Opposition go against the Government and send their representatives to the Soviet Government behind the backs of our Government, how can you expect the Soviet Government to believe that we mean what we say, or

that they will not get easier terms out of the Opposition if and when they come into power? The only way in which we can get a quick settlement of this problem, and bring Russia back to her senses, is to stop quarrelling amongst ourselves. M. Tchitcherin, the Russian Foreign Secretary, said the other day, in an interview with a correspondent of the "Daily Express" in Moscow, that, with regard to Anglo-Russian relations, he saw no way out. If we make it clear that we will do business with them—both economic business and political business—if they leave us alone, he can adopt that policy, and set about creating an atmosphere that will make a treaty possible. There the path is opening out.

These are the running sores, as it seems to me, that have to be removed before we can get any real disarmament or any real political stability in Europe. Some of us believe that, unless and until we can get some form of economic agreement between this country and Western Europe, between Germany and France, it will be almost impossible for some of our heavy industries to survive in the future. We must come to some international trading agreement, and reach some international co-operation, but political stability is a condition precedent to any economic alliance; it is the necessary foundation upon which we can proceed to recreate a new European civilisation; and, surely, for the next 50 or 60 years, the recreation of a new European civilisation and economic polity upon the ashes of 1918 must be the chief task of British statesmanship.

Mr. DALTON: The hon. Member who has just spoken began a very entertaining speech, with parts of which I found myself in agreement, by apologising for his official chief, and at the same time rebuking, very properly as I consider, the Home Secretary for indiscreet utterances on international affairs. Later on, after having made a plea, of which I hope the Under-Secretary will take note, for the evacuation of the Rhineland at the earliest possible moment—which was pressed also by my hon. Friend the Member for Brightside (Mr. Ponsonby) in his opening remarks, but was not dealt with by the Foreign Secretary in his reply—the hon. Member returned to the question of disarmament, with which we on this side are primarily, though not ex-

clusively, concerned in this Debate. The hon. Member suggested that we had carried out a very miraculous work of disarmament since 1918. He spoke of the reduction of the Army by some 4,000,000 men, and corresponding reductions in the Navy; but he did not seem to take account of the fact that the War was at an end in 1918, that the War, so far as fighting was concerned, had then been won, and that the pretended necessity for these armaments, consequently, no longer existed. It is evidently quite misleading to make any comparison between the armaments which we have now and those which were piled up towards the close of that long period of world war.

The hon. Member would have been on more plausible ground had he dwelt upon the reduction that was made in our expenditure and in the strength of the Navy by the Washington Treaty of 1921, which did indeed, according to an answer which was given to me in the House by the First Lord of the Admiralty on the 22nd November last, result in a reduction of from £50,000,000 to £30,000,000 in naval expenditure spread over five years. It is for that reason, bearing in mind the possibility which was disclosed at the Washington Conference, that we are particularly concerned to see that there is no similar prospect of reductions resulting from the present conference at Geneva, nor, so far as we have yet gone, from the larger League of Nations Conference which will also be taking place at Geneva. With the heavy pressure of taxation of which hon. Members on the other side complain, and with the great restriction upon desirable social expenditure which we on this side consider to be an even more unsatisfactory feature of our present finances, it is not surprising that we should sometimes view disarmament largely as a means of economy. A no less important aspect is that it should be a means of peace in the world and security for all nations. The present insecurity is due, according to the mind of the Government of each nation, to other people's armaments, from which we on this side deduce the very simple conclusion that perfect security will only be attained when no nation is afraid of the armaments of any other nation, when, in other words,

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total disarmament of all nations on land and sea and in the air is secured by international agreement.

It is admitted that that is a goal which must be reached by stages. I only hope that hon. Members on the other side who may be sceptical with regard to the possibility of reaching it will not cause those stages to be longer than is necessary. That is our ultimate objective, and it is the only objective which will ultimately give security. I agree with the hon. Member for Oldham (Mr. Duff Cooper) that to attempt to regulate war, to turn it into a polite parlour game played according to gentlemanly, old-fashioned rules, is no stage at all towards what we desire. It is false sentimentality to believe that poison gas is any less defensible or any more cruel than high explosive shells. Proposals such as that, to allow armaments to continue to exist or war to be waged, but to say that certain weapons should be taboo, seems to me to be an entirely false line of advance, and I associate myself entirely with what was said by the hon. Member for Oldham in that regard.

If I may turn for a moment to the Coolidge Conference which is proceeding at Geneva, bearing in mind your ruling, Mr. Hope, about technicalities, we may none the less say we are seriously perturbed at the course which events have taken at Geneva. We are seriously perturbed at the apparent failure of the British and American delegations to get down to some common measure of agreement. I do not here seek to apportion any blame, but I do note that admirals have done a good deal of talking to the Press at Geneva, and I venture to say that that is an unwelcome departure from what we have been led to understand to be the tradition of the so-called silent Service. I suggest that admirals are very good expert servants, but are very bad dictators of policy. Policy ought to be in the hands of the Government, and it should be expounded by the representatives of the Government and not by admirals. In that view I am supported by no less an authority than Lord Lee of Fareham, who wrote a notable letter which appeared in the "Times" of the 9th of this month, and which is well worth consideration by His Majesty's Government. He wrote:

"This question of the relations between England and America is far too serious to be left to the naval experts on either side of the Atlantic,"

and earlier in his letter he wrote:

"As between England and America the question of the relative naval strengths is mainly psychological. Neither Government, and certainly neither people, contemplate or are prepared to conceive the possibility of war against each other. . . . In my view, therefore, it is superfluous . . . to balance meticulously the relative 'requirements' of the British or American navies in cruisers or any other class of ship."

I read in the "Times" this morning that the Foreign Secretary, realising the way in which the British delegation at Geneva, along with the American and Japanese delegations, are drifting into a dangerous *impasse*, is himself taking a hand in the game, and I hope, though I am not confident, that the result will be that we shall find that the Coolidge Conference at Geneva will not be entirely without fruit. I think it is, perhaps, desirable to say that there have also been sinister rumours, which I hope are not true, although, again, I have no confidence in the matter, that agents of armament firms have been at Geneva, and have been busy feeding the Press there with lies. I am not referring to any one country, either with regard to its Press or with regard to its agents; I merely say that there is this rumour, and that it is all the more to be regretted that, at an earlier stage of these proceedings, a bolder policy was not announced on behalf of the Government, and that there was not greater clearness in the presentation of their policy, so as to prevent unscrupulous misrepresentations of it in the Press of other lands. At last, this morning, in a leading article in the "Times," the interesting question is asked, "What are these armaments for, and against whom are they to be employed?" The "Times" reminds us of the often forgotten fact that before the War the German Fleet was the excuse for the maintenance of the British Navy on an enormous scale and at high cost. At the present time, the "Times" reminds us, the German Navy has practically ceased to exist, and we are back, therefore, at the question, "Against whom are these enormous and costly naval armaments being maintained, either in this country, the United States or Japan?" That question has not yet been answered. If it were to be answered

frankly, I think it would be found that there is no immediate danger to this country rendering a Navy on an enormous scale necessary, and consequently very large all-round cuts could be made without any serious damage, or any at all, to our security.

If I may turn to the League of Nations Conference, the Preparatory Commission met and achieved little except a clear statement of disagreement last April. It is to meet again in November, and therefore we have a few months in which to endeavour to mobilise public opinion on this question and to warn it of the possibility of the breakdown of that Commission when it meets in the autumn. We have made very slow progress with disarmament under the auspices of the League. It is more than eight years since we signed the Covenant of the League pledging ourselves, in common with the other members of the League, to follow the lead which we have imposed upon Germany and the other defeated Powers. We have been following in many cases in the wrong direction, increasing armaments rather than reducing them, in the years which have passed, particularly as regards aircraft. Next November it appears likely that Russian representatives will attend the Conference. They have been invited, and I understand have accepted. I hope they may be there, and I hope their presence may be helpful. *[Interruption.]* I am, perhaps, not so sceptical about it as the hon. Member who laughs. I am very glad the Russians and the Swiss have at last settled their very foolish quarrel, discreditable to both, which has hitherto prevented the Russians from attending any conference at Geneva. That obstacle has been removed by the belated good sense of the two parties concerned. The work that will have to be done in November is indicated by the Report that has been submitted to the Foreign Secretary by the British representative at the Preparatory Commission, and I hope, although there are one or two technical points on which I wish to say a few words, that will be brought into order through the fact that these matters are dealt with in this Report by Lord Cecil.

The first point that we want to realise—and if we do we shall realise how slowly we are moving—is that in Novem-

ber we shall be asked to prepare a skeleton, into which no figures will be fitted, for development into a subsequent treaty. None the less, some of the bones of the skeleton have great importance. I regret very much that no attempt is apparently to be made to limit war material directly. German war material was limited strictly, and substantially effectively, in the Treaty of Versailles. Tanks, large guns, which are visible objects and cannot be concealed, were overlooked, and I regret very much that there is to be no attempt made in the forthcoming Conference to forbid the manufacture of tanks or guns of more than a certain size, and in other ways to impose direct limits upon war material. In the second place, I regret very much that the British representative at the Preparatory Commission should have put up opposition to the proposal for a Budgetary limitation on expenditure on armaments. A number of nations there, the French in particular, were very anxious that this form of limitation should be adopted. It appears to me that such a limitation is an essential part of a watertight scheme of disarmament, although it is only one element in it, and I regret very much that we have in the earlier discussions taken what seems to me the wrong and reactionary side in the controversy.

I hope it may not be too late for us to reverse our view on that point and support the French view, and, in exchange for that support, I hope, get the French to come rather nearer to us on certain other matters that are in dispute between us. The dispute as between total tonnage in the limitation of naval armaments and tonnage by class is one in which it seems to me our contentions are substantially right. Limitation by class is much more important, much more effective and much more appropriate to the facts than limitation merely by the total block of tonnage. At the same time, it appears to me that we approached some distance, in the preparatory Commission, towards the possible compromise on that point, that was suggested by the French, and the French, having been induced to advance in that direction towards meeting our view, I hope may come a little further and enable a compromise of a satisfactory kind to be reached.

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Another point on which it seems to me our representative took up a reactionary view and on which the French, who differed from us, were substantially right, was with regard to the principle of control and inspection of armaments in the various countries that are carrying out the Treaty. It may be that the French proposal was a little too elaborate in form, but it seems to me that in substance it was right—the proposal, namely, that if there is a dispute, if there is an allegation that any particular country has more armaments than it is entitled to under the treaty, to have that dispute settled by an international investigation in the country concerned as to the truth of the allegation or otherwise. It seems to me to make a mockery of the whole notion of disarmament by international agreement that any Power should have a right under the treaty of disarmament to impose a veto upon an impartial inquiry, on complaint made, in its own territory as to the amount of its armament. I hope we shall not attempt any such impossible position as that. It is really asking too much that we should believe that good faith alone will go far in it, supplemented, I suppose, by the spies of the Secret Service. Good faith is always, in the absence of proper international arrangements, recognised official arrangements for inspection, accompanied by spies of the Secret Service. Would it not be more worthy of a great country frankly to say, "We will admit, on any *prima facie* case having been established, that we are arming in excess of the amount allowed; we will admit it quite freely, and will not raise any question of false dignity and prestige. We will allow someone appointed by the League of Nations to come and make an investigation whether or not it is true."

Then, to take a small but an important point in principle, the question of the derogation of the Treaty. There again it seems to me the French are right and we are wrong. On page 10 of this Command Paper 2888 it is suggested that the provisions of any Treaty which may be reached by way of this Conference shall cease to be binding upon the high contracting parties if any of the high contracting parties is threatened with a rebellion or an emergency involving serious military operations. We could all arrange to be threatened with

rebellion, or think we were, if we desired to dodge our Treaty obligations. The French view, which seems to me the proper view, is that once a Treaty has been entered into and a limitation been imposed upon the armaments of any State, that limitation may only be lifted by the Senate of the Council of the League. The French appear to be completely right there and the attitude adopted by the British Government is likely to give ground for very serious suspicion of our good faith. It is not as though the balanced judgment of the Home Secretary or other Members of the present Government is so secure that they could not imagine out of thin air a rebellion that had no real existence. I can imagine the Home Secretary at any moment during the past two or three years telling the Primrose Dames that we were threatened with a rebellion by Communist nuclei in the dockyards and barracks, and thereby being enabled to increase our armaments to any extent they might think necessary.

With regard to air, we seem to have reached at the Preparatory Commission a fairly satisfactory first stage of agreement with regard to the limitation of military aircraft both by total tonnage and by horse power, but we do not seem to have taken any serious account of the measures to be taken with regard to the possible conversion of civil aircraft to military purposes in the event of the outbreak of war. It is, of course, clear that civil aircraft can easily be transformed into bombers. Some of my hon. Friends in previous Debates have put forward proposals for the establishment of some kind of international organisation to deal with civil aviation. It is evident that the details of such a plan would need careful working out, but it is also clear that if such a plan could be effectively brought into operation it would very greatly limit the danger, which would otherwise be very grave, of the conversion of civil into military aircraft in time of war. I hope, therefore, the Government will give careful consideration to the possibility of such a plan.

I have done with these technical details, which are somewhat tedious but none the less important. I agree that we cannot consider disarmament without reference to other elements in the international situation. In particular, as is suggested in our Amendment, disarma-

ment cannot be considered except in close connection with arbitration. The progress of disarmament is essentially bound up, in our view, with the future progress and practice of international arbitration. The necessity of linking those two lines of policy together was recognised in the Geneva protocol. That in itself is no great commendation in the eyes of Members of the present Government, but it has also been recognised in the Locarno Treaty. The astonishing fact about the Locarno Treaty is that all the other signatories to the Treaty consented to compulsory arbitration in their disputes and we alone did not. We were the only Power who signed that Treaty who failed to enter into any obligations to submit our disputes with the others to arbitration, and the Foreign Secretary has never to my mind really justified the separation of our action in that respect from that of France, Germany and the rest.

After all, willingness to arbitrate in any dispute between ourselves and other nations is one of the clearest possible tests of our will towards peace. On international arbitration this Government have a long and thoroughly bad record. It began by rejecting the Geneva Protocol, which provided for the compulsory reference of all disputes between ourselves and other nations to arbitration. At Locarno, though they imposed arbitration upon others they would not accept it themselves. They have rejected on several occasions offers by particular foreign States—Switzerland, Sweden and Holland—for the conclusion of treaties of arbitration with them, and further, and in some ways more serious than the rejection of these offers from similar States, they threw all their weight at the last Imperial Conference against the Dominions, if they were so minded, signing the optional Clause for the arbitration of disputes, and thereby encouraged the whole British Empire to hang back and to refuse to commit themselves to this principle which we on this side of the House consider so salutary and so difficult to defend a refusal of.

The Foreign Secretary about 18 months ago, in answering an appeal made to him on behalf of some society—I forget the name—which was requesting that we should sign the optional Clause, used a very curious argument. He said that

His Majesty's Government preferred, in the case of serious disputes which were likely to lead to the rupture of the peace of nations, to retain the right to submit these disputes to the Council of the League rather than to the International Court at The Hague. He said, or seemed to argue, that, as long as they were willing to submit disputes to the Council of the League of Nations, that was just as good as submitting them to the International Court. Of course, it is not. The Foreign Secretary must know it is not, the difference being, that whereas in disputes submitted to the International Court the result is a judgment and an award which is binding on the two parties, a dispute submitted to the Council, if the Council does not arrive at unanimity, leaves the parties free, under the Covenant of the League, to go to war with one another after three months.

Let me come back to our relations with America. They are, obviously, in an unhappy condition as a result of the consequences of the events at Geneva. Is this not a good moment for His Majesty's Government to make an offer to the American Government to conclude with them an all-in arbitration treaty? Would not that help to undo the recent mischief which has arisen at Geneva? The Foreign Secretary this afternoon said that he wished well to the proposed treaty of all-in arbitration between France and the United States. He went on to say that as far as we and the United States were concerned, war was already outlawed, he believed, in the hearts and souls of the citizens of both countries. If this be so, what is to be lost by putting a legal seal upon that outlawry and making a gesture to show to the great mass of the people rendered suspicious by the evil machinations of the Hearst Press and other organs which distort opinion, that we, at any rate, when we say we do not in any circumstances intend to fight the United States, mean what we say, and are prepared to make formal arrangements beforehand for submitting any dispute between the two countries to third-party judgment? What would be lost by such an arrangement? Why should the Government hang back from making it? I repeat the question asked, before. Why

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do we hang back?" If the Government are not prepared to go the whole length of signing the optional Clause—which is really a small step, though a very helpful one—what prevents them from making an arbitration treaty with Switzerland? What likely cause of war have we with Switzerland which might make us desire to drop bombs upon Geneva or Zurich? On what grounds is it possible at this hour in the development of the world's international history, to justify this timid refusal to submit our differences to the principle of arbitration?

We have arrived, in my judgment, at a critical point in the history of the post-War world. My hon. Friend the Member for Brightside (Mr. Ponsonby) was somewhat ridiculed for taking a gloomy view of the world situation. It is better to take an unduly gloomy view, and therefore to realise the importance of acting in the right direction, than to take an unduly optimistic view and then to be let down by the facts. Some competent observers hold that the present moment is very full of danger for the peace of Europe and the rest of the world. The impetus of Locarno, for what that be worth, is now very clearly spent. The time has come when another step forward must be taken, and it should be the privilege and proud duty of the British Government to take the lead and the initiative in making that forward step. I will not go over the ground, already mapped out by earlier speakers, of troubled relations between the countries of Europe and the rest of the world. France and Germany—the evacuation of the Rhineland has been referred to already. France and Italy—nothing has been said about that so far, but very evidently the relations between France and Italy are troubled. Both of them suffer from insecurity due to fear of each other's armaments and intentions. Italy and Yugoslavia—their relations are very uncertain. Anglo-Russian relations, naturally, could not be kept out of such a Debate as this. There is a great deal of hysterics at both ends of the broken telegraph line between London and Moscow. But the Russians, at any rate, have this excuse for their hysterics, that they remember that the Chancellor of the Exchequer and others made war upon them with money that this country's tax-

payers had to pay not very many years ago, and they still read his speeches, and they know he is still a Member of this Government, and not an unimportant Member. They know that it is hard for a leopard to change his spots. They also read accounts of speeches by the Home Secretary and of other outbursts in the Press here which, at any rate, are not reassuring.

I received a few days ago a leaflet inviting me to go to the Albert Hall on Friday 15th July, "to Celebrate Routing the Reds." The principal speaker is to be the hon. and gallant Member for Handsworth (Commander Locker-Lampson) who has the distinction, which the Russians may perhaps exaggerate, of being the brother of the Under-Secretary for Foreign Affairs, with whom he is sometimes confused, by ill-instructed people, and who is also an ex-Parliamentary Private Secretary to the Foreign Minister. He has now passed from the position of Parliamentary Private Secretary to that of task-master. He cracks the whip. He cracked the whip that led the Government to indulge in the elephantine diplomacy characterised by the hon. Member for Brightside. We read, "The first battle of the war on the Reds has been won." When is the second battle to begin, and what sort is it to be? Can we be surprised if some of those doctrinaire leaders in Moscow who think that a certain set of simple principles can be applied to all and every country and every State, and govern all human relations, take his words literally and imagine him to be a person of greater importance than he is, and if they take such fanatical outbursts as this as evidence of the intention of the Government to urge upon other countries to make war upon Russia, even though they are not going to indulge in that operation themselves? Russians, if they are hysterical, have very good grounds to be hysterical in the light of such proceedings as this. One of the greatest evils that has been done by the breaking off of relations between this country and Russia is to increase the difficulties of every statesman in Middle and Eastern Europe who is working for peace. There are in Poland and Czechoslovakia two foreign ministers both of whom are working, I believe, consistently for peace. M. Zaleski in Poland, and M. Benes in Czechoslovakia are, I believe, two of the

most wholehearted seekers after peace that the modern world can show. We are putting obstacles in their way and in the way of better relations between their countries and Soviet Russia by the breaking off of relations with Russia.

The Foreign Secretary has told us that he is very pleased with the progress of the League of Nations, that it has dealt with a large number of important questions and that it is growing in strength from month to month. He is only afraid that it may be going a little too fast and a little too far. He said a little while ago at the Council of the League with regard to disarmament that "he was always a little alarmed lest the public in the different countries should be led in the first instance to expect too much." His practice has cured us of undue expectations. He need have no fear now. We do not expect too much from him as far as the policy of the League and the policy of constructive and imaginative peacemaking are concerned. We have long ago given up such expectations. His attitude towards the League of Nations always reminds me of the old hen and the young duckling. The old hen is always telling the young duckling not to go into the water, or he may get wet and even drown, and in the same way the Foreign Secretary seems to fear that the League, which he admits is growing stronger and more hopeful, should at any time really insist upon dealing with some of these questions which now disturb the peace of the world.

Before 1914, as was said by the writer of a rather remarkable book, Europe was living in a world of whispers; we are now living in a similar atmosphere. There are whispers in all the centres of government in Europe, and we do not know whither we are drifting or what will be the end. It is no good for the Foreign Secretary to protest to us his good intentions. Nobody has ever said in this country that the Foreign Secretary desires war. Of course he does not. Neither did Sir Edward Grey nor any of his fellow blunderers among the diplomatists of pre-War days. None of them desired war. All their intentions were good. And yet the path which led to the hell of 1914 was paved with those good intentions. Besides good intentions we need imagination, courage and the sense of leadership, and particularly so in this

country. The word of Britain has still a magical power throughout the world. The possibility of a response to a British lead, a really bold British lead of constructive pacification of the world cannot be exaggerated. Instead of this, we have a Government suffering from paralysis, from lack of will. We see a Foreign Secretary full of formal correctitudes, but making no step forward, no vigorous gesture, and throwing out no new and hopeful ideas for the settlement of these problems. We are losing golden hours. We are losing opportunities which will never recur again. The peoples of the world are not, as the hon. Member who last spoke imagines, in their natural state desirous of war. The peoples of the world, except when they are misled by the Press and by misguided politicians, are desirous only of peace, of being left alone so far as international relations are concerned. They are beginning to recognise that there is no real antagonism between any of the peoples of the world, but only fictitious antagonisms created by diplomatists and certain evil-disposed persons.

Let us not forget that there are millions of men in every land who fought in a war which they were told was to end war. They are still nourishing the hope that, before they die, they will find that they were not mocked by that phrase and that the daybreak of their dreams should come true. But we are drifting hopelessly. The international sky, instead of lightening, seems to be getting darker. I say frankly that the Foreign Secretary of this country has a sacred trust, the peace of this generation and of our children who shall come after us, our vital interests, in the most literal sense of the phrase. If through lack of vision, even if it be not through ill will—we do not accuse him of that—but merely through lack of vigour and imagination and leadership he betrays that trust, he will have to answer a terrible indictment at the bar of history.

Mr. RENNIE SMITH: I had hoped, in common with so many other Members of the Committee, that we might have heard something new in the speech of the Foreign Secretary to-day, but he has remained true to himself, and

8.0 p.m. we have heard nothing at all helpful in the way of information or hopeful from the point of

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view of our future policy of building up a constructive peace. My hon. Friend who has just sat down has pointed out how systematically this Government has resisted every effort which has been made to develop arbitration as a method of organised relations among the nations of the world, how this country has, indeed, the worst record of any Government in the world for deliberately blocking the way that might lead to a settlement of disputes and to a guarantee that disputes would not lead to war by the policy which it has systematically pursued and which it has encouraged other parts of the British Empire to pursue in this matter of arbitration. When every allowance has been made, the fact remains that, although the Government is utterly bankrupt in policy, we have still plenty of basis for an effective policy to be built up at the present time, even without any further development of arbitration. With regard to arbitration, there has been sufficient in the way of world development and world change since 1919 to make reasonable a very thorough-going disarmament policy on the part of the present Government. The rise of the League of Nations, the development of Locarno, the disarmament of four of the member States of the League of Nations since 1919, and the fact, as the Foreign Secretary has said, that the heart and soul of the whole of the British people are permanently allied to a policy of peace so far as America is concerned—and similar assurances have come from responsible men in America on that particular point—all these things form a very large foundation for British policy on disarmament.

The two factors that are always present in our minds in regard to this matter of disarmament are, first of all, the remarkable rise of the American Navy and, secondly, the fall of the German Navy and the fall of German armaments. I should like to ask the Under-Secretary, when he comes to reply to-night, one or two questions in regard to the effect of the British disarmament proposals as they have been outlined by the First Lord of the Admiralty recently at Geneva. I should like to ask him whether he can give us some assurance that the net effect of that policy, if it does lead to the most hopeful results as to limitation, is not merely going to be that there will

be a limitation and reduction of armaments, but, in effect, a limitation of a very considerable increase of armaments, certainly from the side of America and therefore from the side of Japan, and, leading through them, to Italy and France. So far as one can judge from the temper of the American people, they are thoroughly of the persuasion that they must have a Navy which is equal to that of Britain and, indeed, the only result that has come from the discussion which has been taking place at the conference has been the complete achievement of the principle of parity both in general and in detail. The deliberate expression of policy by His Majesty's Government that they are prepared to admit in detail in regard to every class of ship that American can, if she wishes, build up to a full equality with ourselves, represents the only substantial achievement that has come out of this conference to date.

It is only a little more than a year ago since the First Lord of the Admiralty, on behalf of the British Government, was still seeking to observe the two-Power standard in regard to cruisers so far as this country was concerned. Speaking at a banquet in March of last year, he said it would be a very dangerous thing if this country were to be satisfied with a one-Power standard in cruisers. We must be superior in cruisers to any other country in order that we might protect our trade. That was the policy of the Government a year ago, notwithstanding the demand of the Washington Conference. The only thing that has emerged on this issue from the present conference is that America has now the consent of the British Government to go to a full equality in regard to cruiser construction, and in regard to every other class of ship not discussed and not subject to regulation under the Washington Conference. So far as we can judge from the American Press and from the Press of this country, which supports so wholeheartedly the policy of His Majesty's Government, headed by the "Times," it looks as if the main contribution that His Majesty's Government are going to make in regard to the policy of disarmament is actually to promote a new movement for armaments on the part of the Governments of the world. I should like the Under-Secretary when he re-

plies, without discussing the details which are now going on in the Conference, to say whether the proposals put forward by the First Lord of the Admiralty do represent the final contribution that His Majesty's Government are prepared to make; whether in principle they are prepared to encourage America to embark upon a policy of cruiser construction which would react upon Japan, and, through Japan, on Italy and France. It would, indeed, be a sorry comment on the policy of the Government if their net achievement in regard to the cruiser conference should be that of establishing a "fifty-fifty" struggle between ourselves and America when our hearts and souls are unquestionably on the side of peace.

With regard to the other important factor, namely, the fall of the German Navy in 1919 and the fall of the German armaments in 1919, I have been very much impressed this afternoon to see how one speaker after another from the benches opposite have assumed that we have done all that can possibly be done in regard to disarmament. It has been pointed out that we have reduced the large Army of 4,000,000 or 5,000,000 of men which we had in 1919, that we have reduced a very large Navy that we had in 1919; that we have made ourselves into a third- or fourth-hand service as compared with other nations; that we have really brought ourselves down to the smallest possible limit. Indeed, the hon. Member who represents the Cleveland Division of Yorkshire (Sir Park Goff), who has been specially studying the disarmament question from the point of view of the League of Nations Union, even went so far as to say that we were actually endangering ourselves, so great was the amount of disarmament to which we have submitted ourselves since 1919. I am only sorry to see that a fine body like the League of Nations Union, with its 650,000 members, allows itself to take that kind of attitude towards the problem of general disarmament. If you are going to start this discussion on the assumption that the British Army is the smallest that can be raised, that the Navy is down to rock bottom on its present expenditure, and that the Air Service is a very small and insignificant thing, if we are going to start with that attitude of mind, the attitude of mind which has always been

expressed from the benches opposite and which, I am sorry to say, is too frequently expressed by that large body, the League of Nations Union, if that is to be the temper with which we are to confront our work in the League of Nations, then it is perfectly clear that we are not going to get anywhere at all in regard to disarmament policy, a policy which could prepare the way for peace in the years that lie ahead.

I would, therefore, remind the Committee that we only have at present since 1919 two really substantial contributions to disarmament. We have the work which was done by the Washington Conference, which was limited to five Powers and two categories of ships, and which was, therefore, a very restricted piece of disarmament. I think, in practice, perhaps we can say that the one effective piece of work done in regard to disarmament was that policy carried out for four States under the organisation of the League of Nations in 1919. Up till then we never had, in the last 100 years, a definite policy of disarmament actually carried out, but then a definite standard was established. If we take the case of Germany, the largest of the four Powers involved, we find that her estimates for the Army and Navy in March of this year—she has no estimates for the Air Service—amount in round figures to something like £34,000,000 as against more than £80,000,000 which was her expenditure in the year before the War. How do those figures compare with our own? Our estimates in this year are £117,000,000 as against £71,000,000 in 1913-14. It is of the greatest importance, and it is very significant from the point of view of disarmament, that we have had four States, all of whom are now members of the League of Nations, who have carried out this radical policy of disarmament.

I regret very much that the statement made by the British Government and the proposals put forward by the First Lord of the Admiralty have contained no reference to the state of the world at the present time. We have a disarmament policy which carries with it total disarmament so far as the Air Service is concerned; it carries with it total disarmament so far as the submarines of the world are concerned; it carries with it so far as land armaments are concerned

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the practical abolition of heavy armaments, like tanks and armoured cars and the heaviest battle cannon; it carries with it a very big limitation of every category of ship on the seas, and their size and the guns which they are to carry, and I want to ask the Under-Secretary what he supposes the effect of the so-called Bridgeman policy on navies is going to have, assuming that it is carried out, not only on the one side by America, but also on the other side by a country like Germany? He must know, as we all know, that those four States carried out their 1919 policy of disarmament at our instigation and subject to very solemn obligations which were then entered into to the effect that armaments would be limited to the 1919 standard. The gathering which was held at Berlin, the International gathering of the League of Nations, was used as a sounding board by responsible leaders of public German life to express their profound disappointment with the result of a general disarmament discussion going on at that time at Geneva, and to underline the difficult position in which they were finding themselves as contracting parties to existing treaties in Europe. Count Bernstorff said frankly that the whole German nation were profoundly disappointed with the work that had been done through Lord Cecil in regard to this matter of general disarmament at Geneva. We see from every angle of the German Press the view being put forward that unless there are signs in the world of an extension of the 1919 standard of disarmament as applied to the land, sea and air forces, and some reasonable prospect of its being carried out under the solemn treaty obligations, Germany would be obliged to repudiate the position in which she was then placed. Dr. Gessler, the German Minister of Defence, in regard to a statement made in Germany with respect to his policy as to Russia and disarmament generally, said:

"It must be frankly stated that it is above all question impossible for us to carry on under our present system indefinitely, for we cannot strengthen our forces as we wish in face of an attack. We must to-day demand from the other nations disarmament to the extent of the system imposed upon Germany, either general disarmament, or we must also be placed in a position to meet our adversaries with weapons of equal value. It is quite impossible for a State

like Germany, a member of the League of Nations, to be kept down to the level of an Indian tribe."

I will quote a statement from an article written by a member of the German Reichstag, who is not a Socialist member, but one who stands in the middle of German thought as represented in the Reichstag, in which he expresses what I am perfectly convinced covers the thought of a very large section of German life at the present time. He said:

"The opportunity is now offered to Germany of bursting the bonds of Versailles and obtaining her own freedom and greatness. All that it needs is another war, which is certainly coming. England will wage war against Russia, France will fight Italy, or Poland will fight Lithuania, and we gather that the conflagration will spread. Germany must join on one side or the other. If she remains neutral, she will be divided up. Opinions may differ as to which side Germany will take. She will join that side which offers or can offer that the Treaty of Versailles will be torn to scraps, and that Germany will recover her freedom and that, above all, she will be able to have her own way as to her armed forces."

It is perfectly understandable that we should have this kind of temper shown in Germany, and I want to ask the Under-Secretary what is the Foreign Office attitude towards that kind of Germany; towards a Germany which says that we are not carrying out one of the most fundamental provisions of the 1919 arrangement. We have done nothing up to date, and there is no sign in the Bridgeman proposals that we have any such intentions in the near future; there never has been and there never will be, so long as Conservative policy can influence Government policy in this matter. Will the Under-Secretary tell us what is to be our attitude; whether it is going to be the contribution of the present Tory Government to disarmament in the world, that on the one hand they are going to help to build up an American Navy by the policy they are now pursuing, and, on the other, whether they are going to give a free hand to Germany to rebuild their Army and Navy and Air Service along the lines of the French, British and American model. Is it really the definite intention of His Majesty's Government to accept that position?

We are already getting that kind of propaganda in this country by, presum-

ably, responsible British writers. I had a book sent to me a few days ago written by a person who uses a *nom de plume* and who, for anything I know, may come from the Foreign Office itself. It is written on a line which is not unfamiliar to the British Foreign Office. He argues the thesis that we have made a great blunder in regard to the policy of German disarmament since 1919; that we have done a number of things which have driven Germany into the arms of Russia, and that we ought to be doing everything we can to win Germany back to West European policy: a line of thought which, I am sure, is very sympathetic towards the policy which has been pursued by His Majesty's Government during the past few years. He asks what is the price which must be paid if we are to make sure that Germany will become a member of what he describes as the white race, the European race. He underlines again and again in his little book that the thing that will have to be done will be to do away with the disarmament regulations to which Germany submitted in 1919, and he goes on to say that:

"the restrictions in the Treaty in respect of German armaments must fall."

I ask His Majesty's Government whether they are envisaging as a part of their deliberate policy at the present time not only the creation of a very large American Navy, but also deliberately reserving the power in their own hands to give Germany this kind of new freedom under the heads prescribed by Britain and her policy in regard to disarmament. Are they deliberately going to break with the 1919 obligations as a party which has always honoured its treaty rules; which has always been open and frank? Are they really going to give Germany the right to be free again in regard to armaments? These thoughts are agitating the minds of people who are watching the policy of His Majesty's Government in regard to disarmament. It is for this reason that we on this side do not feel that the statement made by the hon. Member for Brightside (Mr. Ponsonby) in opening the Debate, a statement of a very gloomy character, was at all overdrawn. We are very greatly concerned about the policy of His Majesty's Government, and I ask the Under-Secretary—who has more than once when we have been dis-

cussing foreign affairs vouchsafed to us very important information—if he will tell us whether the proposals put forward by the First Lord of the Admiralty in regard to disarmament are the considered proposals and the final proposals of the Government, and whether the Government are going to close their eyes entirely to the existence of the 1919 standard, and to the obligations that were entered into that year?

I am not arguing that the Government should sink a considerable proportion of the present Navy, like the Germans did at Scapa Flow, or that we should originate a revolutionary policy of that kind; but is it not possible for the Government to say, "We will regard this as an ideal. It is part of our solemn contractual obligation. We would like to get down to the 1919 standard, and we will aim at it for, say, five 10 or 15 years." What is the Government doing to build up a common policy? We see things drifting into some kind of nemesis in regard to disarmament. It is impossible for the four leading States to carry out for years a policy which is at variance with the standard accepted and practised by the rest of the nations of the world. The Labour party think that Germany's present armaments are quite enough; but Conservatives in Germany are doing what Conservatives do in this country. They are using the argument of Germany's needs, and the need for the protection of Germany's trade routes. We are getting tired of hearing this endless claim that it is necessary to safeguard the Empire; that it is necessary to protect our trade routes.

That argument can be applied to every nation in the world. There is hardly a nation which is not dependent on the sea for its food supplies. We are all dependent on the sea for our food supplies; and we are asking that Great Britain should be put into a separate category on the ground that its particular concern is on the waters of the world. Conservatives in Germany are arguing in exactly the same way. They say they want to protect their trade routes. They want the same thing on the same terms and under the same conditions, for which the British Foreign Secretary has been arguing this afternoon. We are getting into a very diffi-

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cult situation, and if we do not clinch this matter of armaments this year, or early next year, we shall drift helplessly into a policy of increasing armaments, and be giving up what is one of the few gains of the last War—the 1919 standard—something actually in operation. I want to see this most precious part held and retained for civilisation. I want to see the 1919 standard of disarmament kept at all costs, and preserved and developed, and for this reason I am pleading with the Government to stop closing their eyes and hoodwinking the people by saying that we want 72 cruisers and to spend £117,000,000 as a minimum at the present time. I appeal to the Government to get down to this question and give us a serious and considered answer. What is our attitude and policy towards the 1919 standard? What are we going to do to be really honest and faithful members of the League of Nations and to play our part, as we promised, in generalising that standard, and making it applicable on the same terms and conditions to the Treaty members of the League of Nations, and to all others who are prepared to subscribe to it.

Mr. WELLOCK: I was very glad, and to some degree astonished, to hear the Foreign Secretary confess that the atmosphere in Europe to-day, so far as militarism and future war is concerned, is much worse than it was in 1924. Indeed, we should have to go a very long way back in order to find such a change in atmosphere and outlook as has taken place during the last three years in regard to this situation. In 1924 the action taken by the Labour Prime Minister completely changed the atmosphere of Europe in the short space of a few weeks, and if that atmosphere had been continued and improved it would have been possible to carry out extensive schemes of disarmament. I was disappointed to hear the Foreign Secretary deprecate the sort of conferences or agreements which were contemplated in the Protocol, for if this had been carried out we should have had a basis for a policy which is impossible at the present time. The Foreign Secretary said that he did not believe in these universal gatherings and confer-

ences, for while they gave plenty of scope for rhetoric and oratory nobody got down to the real things which count.

You cannot make any headway in a matter of this kind unless you can first of all create an atmosphere. During the War we had a separate department operating in order to maintain an atmosphere in which the War could be carried on, and if you are to carry out a policy which involves a large measure of disarmament you will be obliged to create an atmosphere wherein that policy may be carried through. That atmosphere was changed in 1924 and since then we have had one of the most flagrant examples of the breakdown of that universal policy and the development of a spirit of sectionalism which has filled the air with suspicion and fear and brought us nearer to war than we were before 1914. The Governments of the world are a very long way behind the public opinion of the world in this matter. The present Government does not seem to realise the extent to which public opinion in this country, and in every country of the world, has changed during the last ten years. In fact, I go as far as to say that there is no example in history where public opinion has changed so completely and radically as it has changed on the question of disarmament during the last ten years. But while public opinion has been going in one direction the Governments of the world have been going in exactly the opposite direction. So far as all the conferences which have been called since the close of the War to deal with disarmament are concerned, no real progress has been made. We have had only a tampering with those sides of disarmament policy which, generally considered, do not count very much in modern warfare.

Public opinion is not only going in the direction of disarmament but is going in the direction of complete disarmament, and we have powerful movements and organisations which make total disarmament the object of their agitation. Just now one of the most popular and most respected Ministers in the United States, Mr. Borah, is about to introduce the question of calling an International Conference to discuss one matter alone, and that is complete disarmament throughout the world. I maintain that if the policy started by the Labour Prime Minister in 1924 had been pursued, if we had a new

basis on the lines of the Protocol, if we came forward with drastic proposals for disarmament and meant to carry them out, we should carry the public opinion of the world with us. I am not only in favour of asking the nations of the world to agree to a very large measure of disarmament, I believe that if we were to go to such a conference and advocate a certain policy in regard to disarmament and say that we were prepared, whatever other nations may do, to go to certain lengths in the direction of disarmament, we should certainly not lose but add to our prestige and gain in moral influence in the world.

May I say a word or two on the question of Russia? Much has been said on that issue in to-day's Debate and it is necessary that much should be said. There is a great deal more to be said on it than has already been said. I want to emphasise the point that has been made, that Russia to-day is filled with suspicion in regard to what this country is doing and proposes to do. I think that Russia has very great reason for entertaining those suspicions. Russia has been facing our implacable opposition for a period of 10 years. We ought not to forget that after the close of the War not only did we carry on a most barbaric and inhuman blockade against Russia, but we were the means of assisting what are known as the White Generals in Russia to bring down the Soviet régime, to the extent of £100,000,000, and the people of this country for a considerable time knew nothing whatever of what was being done. Those were the beginnings. Russia cannot forget the damage that was done to her existence at that time, and her economic losses as the result of having to maintain a huge army to meet the opposition to her. It is a recognition of the fact that from that date to this we have maintained our opposition to Russia, that she is very suspicious of us now. Furthermore, the matter goes much beyond the region in question. There is the Eastern aspect of the question, and to my mind it is a very serious aspect. We are confronted with the fact that during the last few years Russia has increased her influence in China. It is a matter of serious concern to this country that the influence of Russia in China is as great as it is at the present time.

I would like to ask the Foreign Secretary to what extent Russian policy in the East is likely to determine our attitude towards militarism in India. I know that we have a special Department for India. Nevertheless I think there is a side to this question which concerns the Foreign Office. Mention was made in the India Debate on Friday of a rumour regarding the transference of part of our Expeditionary Force to India. That rumour was denied, and I was very glad to hear it denied. But there is another rumour in regard to our military affairs in India, which has not been denied and with which I would like the Foreign Minister to deal, because if the rumour be true it does concern our general Eastern policy. That is to say, is there any likelihood that we are going to increase our air establishments in the North of India? Are we going to do that from fear that Russian influence is likely to be increased in the near future, working from Afghanistan? That rumour is going about very much indeed. If it should be the case, if that is going to be done, it is hopeless to expect any policy of disarmament to be pursued by the present Government.

The only way in which we can deal with the menace of Russia in the East, as the Government would call it, is by beating Russia upon her own lines. There has been much talk in recent years in regard to Russia, particularly with regard to her paying her debts, but there is one debt that Russia has paid, and that is the debt of freedom to the little countries round her border, and her debt of freedom to China. That is why Russian influence has increased in China; it is why it has gained in Persia; and it is why it will grow in other parts of the East. There is only one way to face this question and to overcome the influence of Russia in the East, and that is both in China and India to revolutionise our policy, to give a far larger measure of freedom than we have ever anticipated, and so win the respect of the whole of the East, of China and India, and, coming even a little nearer, we may include Egypt, in order that we may on that security pursue a policy of peace both in the East and in the West. Those are the main points upon which I desired to say a few words, and I would like, to have some assurance from the Foreign Secretary that we are not going to be

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involved by the fear of Russia in the way that I have described, but that we are going to be prepared both in Europe and in the East to trust humanity to a far greater extent than in the past, in giving freedom in China and in India, and in calling that wider conference on the basis of the Protocol of 1924, and being able to go to that Conference conscious of the growing mind of the world in the direction of disarmament, and realising that our greatness in future will be determined not by the strength of our armaments, but by the strength of our resolve to trust the desires of the world for peace.

Miss WILKINSON: There are various ways in which one can discuss the question of disarmament. There is, as is known to one who was a student of Debates in this House before she came here, the characteristic and rather old-fashioned way of regarding foreign policy and disarmament conferences as matters that primarily concern the people who meet in those conferences and the comparatively small ruling classes from which they are drawn. It is the traditional view of foreign policy to regard it as a game of very highly placed people. M. Paleologue and all the memoirs that have recently been published of 19th Century policy, give that view. It is a most interesting, intricate, and somewhat delightful game of very highly placed people, who cannot be troubled by such outside considerations as the men who are to be mangled by these policies or the destruction that they are likely to leave behind them. But the discussion this afternoon has taken a more realist view than that. After all, before we can even discuss the question of disarmament, we have got to get down to the real causes of war. We no longer go to war from the old dynastic reasons. To-day the problems that cause war are the struggles for markets, the complicated economic problems which are the basis of the whole of our foreign political affairs. The feature of the last 15 years has been that we have seen the economic combination going outside the confines of the State where it can be controlled and supervised, if desired, by the Government of the day, and we have seen more and more a tendency towards

great international combinations, international monopolies, which, though they are in touch with all the Governments, are supervised by none and can be controlled by none.

I suggest that these international trading combinations, who are responsible to nobody and who give an account to nobody except to their shareholders, by the use of immense funds and immense influence keep a state of disturbance in the world in which they can fish for their own advantage. It means that, in practice, disarmament is impossible until they have been dealt with. Russia has been mentioned many times this afternoon. In spite of the family connections of the present Under-Secretary, I think it would be true to say of him, as of the Foreign Secretary, that the last thing they desired was a break in diplomatic relations with Russia. What has happened? We have heard of the charming personality of the hon. Gentleman's brother in the drawing rooms of Mayfair, and his appearance on platforms in the country suitably escorted by gentlemen waving Union Jacks and suitably hymned by Dame Clara Butt, but, however delightful a performance that might be, I hardly think it was likely to cause the serious diplomatic rupture with Russia that has actually happened. But we have two great oil monopolies; we have the Royal Dutch Shell Combine on the one hand and the Standard Oil on the other. They have parcelled out the world's markets and the world's supply of oil between them. They have come to amicable relations but there is, unfortunately for them, a disturbing factor. Russian petrol has been placed on the markets of the world at a price considerably cheaper than that at which the monopolies handed it out to their customers and, at all costs, that disturbance of their monopoly has to be destroyed. So, you get the "Daily Mail" campaign and you find placards in a large proportion of the garages of the country, "No Soviet Petrol sold here."

If the issue were put to the average user of petrol—I may say I am a very small consumer, but it is an important item in one's expenditure—they would very much like to have petrol considerably cheaper than the price at which it

is supplied by the oil monopolies at the present time. But we are to have the hon. Gentleman's brother, we are to have Dame Clara Butt, we are to have the appearance of Union Jacks in the hands of British business men, not really because we are not to shake hands with murder—seeing that we sent the hon. Gentleman's colleagues to shake hands with Signor Mussolini—but in order that the international oil combines may put their oil on to the markets of the world at the price which they think suitable. I see the Under-Secretary shakes his head. I am sure family loyalty will prevent him agreeing to any economic doctrine such as I have suggested, but, nevertheless, it is true that the oil shareholders and the big oil companies put money pretty freely behind any kind of movement likely to cause a rupture with Russia. I am not suggesting by any means that that is the only reason. The fear of the hon. Gentleman and his colleagues of having a successful experiment in workers' Government on the other side of Europe is also a real fact in the situation, but I think everybody would agree that the desire of the oil companies to maintain oil monopolies has been one of the big features behind the "Daily Mail" campaign at any rate, and one that has contributed very largely to the creation of that atmosphere.

I give that as one illustration of the results of private, but powerful international trading operations on the foreign relations of the chancelleries of the world. A previous speaker on the Opposition Front Bench has dealt with another very serious situation, and that is the evil of private trade in armaments. The armament firms of the world are a very small group. I think it is true to say that, in practice, four big armament firms represent the controlling influence in the armament ring. If that be true, and if the representatives of these firms are giving out information to the Press, as they notoriously did in a previous crisis, we see, on an international scale, what was the stock-in-trade of older Labour speakers about the coffin trust in Glasgow. The coffin trust was supposed to object to any kind of public health reform because they were afraid it would interfere with their trade in coffins. Be that as it may, we see the same idea very grimly carried out when the repre-

sentatives of private armament firms being allowed—I do not say officially allowed—to use the hatreds, suspicions and fears of a war-torn world merely in order that armaments may be ordered, so as to increase the dividends of their shareholders.

I have no doubt that, if it were put to these men individually, they would protest that they were public servants meeting a public demand and so forth. Even the opium traders have urged that view, but the most convinced supporter of private trade should see from the activities of the armament representatives at Geneva, that private profit made out of armaments is one of the matters that must be dealt with before we can get down to a serious discussion of disarmament. Another factor in the international trading complications is investment in undeveloped countries by firms who desire to use those investments purely for the exploitation of cheap labour and for getting the quickest possible return on the money invested. I suggest to the Under-Secretary that too long have we been in the undignified position of having the British Navy used as a debt collector for foreign investors. I quite understand the wild enthusiasm of some of these Gentlemen for the largest possible Navy that the unfortunate taxpayers of this country can be induced to maintain. We see these men investing their money in affairs which they know to be extremely risky and yet, although they charge enormous interest because of the extra risk, they are the first to squeal if that risk eventuates, and to demand the strongest measures against people who are not paying their debts. One could give a large number of instances of that kind. Egypt has been the classic case. A great deal of our trouble in China has come from the assumption that, although British capital abroad is used for private investors' profit, when it is threatened, it is the British Navy, paid for by the British taxpayer, that has to be used as the debt collector. Of course, it is always said that it is to protect the lives of the clerks and other white workers who are sent out to these undeveloped countries. That argument would carry greater weight if these companies showed any particular enthusiasm for decent conditions for their clerks when their capital is not threatened, but it is only when their capital is threatened

[Miss Wilkinson.]

that you find that the British Navy must be called in, that we must have a gunboat policy, and that this country must have its foreign relations threatened because of the investments of private capitalists abroad. A good deal of our trouble with Russia has been due to people who have got concessions there, who have risked capital and got very much higher interest because they have risked it, and who have then demanded the whole weight of the Fleet to be used for their private profit.

I suggest that if we are serious when we speak of the League of Nations being a force for peace, it is not sufficient to keep the League as a sort of decorative screen behind which the old game of foreign policy is played. If we seriously mean that the League of Nations is to be a force for world peace, it has to tackle some of these fundamental causes of world war. I suggest that the League of Nations should collect and publish information, not merely about labour, but about the activities of some of the international monopolists and what they are doing. I suggest that a really honest and impartial survey, and the publication of the results of that survey, of the work of some of these big international trusts would be a startling eye-opener to the countries of the world. It is because these trusts work in secret, because they are in control of enormous funds, and of social prestige, because the lure of their gold is such that the very highest interests in the various countries can be brought to bear and to control or rather cajole Ministers into carrying out their will, that we see nothing of the work that they are doing. I suggest that a really impartial survey, not some of these decorative publications, but a real attempt to find out what these international trusts are doing, would at least let us know where we are. If humanity is to be crucified on a cross of gold, at least let us know that that crucifixion is going on, and let us not merely see these international combinations waving the flags of the various countries, and setting the various countries to wave their flags against each other, in the interests of the private dividends of these firms.

Would it not be a real step towards disarmament and world peace if it could be made clear that armaments should exist only for policing purposes, and that capitalists must be left to take their

own risks? If we can get to that point, it seems to me that we shall arrive at some real basis of disarmament, but while we have it maintained that any private profiteer can, as a matter of fact, rely on the arms of his Government, so long as he is big, and important, and wealthy enough to control, or rather to cajole, the Government, then we might just as well give up talking about disarmament, because these people can laugh in our faces, and regard the Debates in this House as merely letting off steam. It is a terrible commentary on our civilisation that while the principle of disarmament is now verbally accepted by leading politicians of all parties and by all civilised Governments, very little is being done in practice to secure that disarmament. We used to say on Labour platforms that just as, if they are given toys, children will play with them, so nations, if they have armaments, will inevitably go to war. We were sneered at for saying that, but it has now become the respectable doctrine of conservative speakers. We find Lord Grey, in his recent book, "Twenty-five Years," saying:

"The enormous growth of armaments in Europe, the sense of insecurity and fear caused by them—it was these that made war inevitable. This, it seems to me, is the truest reading of history, and the lesson that the present should be learning from the past in the interest of future peace, the warning to be handed on to those who come after us."

I would add a footnote to that, not that armaments are the cause of war, but the fact that the armaments are there, and can be used, constitutes a standing excuse for the adventurers and private monopolists.

Let us consider for a moment what is the economic burden of the cost of armaments to the peoples of the world. It is rather amusing in 1927 to realise that in 1895, when Mr. Gladstone made his great protest against naval expansion, the total Naval Estimates of this country were only £15,000,000; in 1914 they were £50,000,000; and in 1926 £60,000,000. The British Government are now spending approximately £120,000,000 per annum on defence. If we reduce that to 1914 prices, which, after all, are the only fair basis of comparison, we find that it is really equal to £79,000,000, but the total defence ex-

penditure in 1914 was only £72,000,000. This is an extraordinary state of affairs. Whereas the peoples of Europe were armed to the teeth in 1914, when everybody was expecting war, and the statesmen of the world were not doing all that they might have done to prevent it, whatever they may say now, the total defence expenditure of this country was £72,000,000; that is to say, that when the War is over, when nobody can say against whom we are building, when the only reasons for these armaments are the sinister forces in the background that I have suggested, we see an all-round increase of 10 per cent. on our real expenditure on defence.

I would point out further that the burden on the British people now is out of all proportion to the burden in 1914. In that year this country was almost at the peak of its prosperity. The year 1913 is still taken as the peak year, the year to which we look back as the standard of normal prices. We were bearing our £72,000,000 burden at that time, but this burden of £79,000,000 on 1914 prices is being borne by a country with at least 1,250,000 people out of work, with at least another 750,000 on short time, with wages appallingly low, with the whole standard of life low, and with all the people concerned in industry talking about enormous burden of taxation that is being placed on industry. The present expenditure of £79,000,000—I am giving the figures on the 1914 basis—is therefore out of all proportion to the burden we were bearing in 1914.

Another feature of this situation is the appalling increase in air armaments. Possibly we may be faced, in fact we are faced, with a race in air armaments which places us pretty much in the position in which we were in 1908 with regard to naval armaments. This brings me to the fact that the next war will be so destructive as to threaten the very existence of European civilisation. Only this week I was attending a lecture given by an expert on chemical warfare, which made me make up my mind that somehow or other I was going to get into the Army in the next war, because it seemed to me it would be the only reasonably safe place. This chemical expert showed upon the screen pictures of tubes containing every kind of death-dealing disease which could be hurled into our cities. We are

to fight with bacteria, bacilli and disease germs of all kinds. Our cities will be not merely decimated but rendered utterly uninhabitable by chemical bombs. Bombs are now being manufactured in our research laboratories which would render utterly impossible for days—not merely for a short time after they were dropped—any kind of life, human, animal or vegetable. These things make us realise that it is not war in the ordinary sense that we are talking about. Indeed, it is a scandal that during the greater part of this Debate these benches have been completely empty, and that the whole attitude of the House towards this subject is one of boredom. We are faced with the wiping out of our civilisation unless we deal with this question. It is not a matter which can be left to experts. The Government themselves ought to awaken the conscience of every elector to the appalling danger which we are facing and which civilisation as a whole is facing. It may be that I shall be accused of exaggerating—I have frequently been accused of inflicting sob stuff upon this House—and I will therefore read an extract from a memorandum to the League of Nations prepared in 1922 by General T. R. C. Groves, who was the Director of Air Operations for the British Air Force in 1918. This memorandum is old-fashioned now, but this is what it says:

“In the first phase of the next war, when each side is striving to snatch victory by the method which Marsh Foch has described as ‘demoralising the people and thus disarming the Government,’ there is little doubt the belligerents will resort to gas bomb attacks on a vast scale. This form of attack upon great cities such as London or Paris can entail the loss of millions of lives in the course of a few hours. The gas bombs employed will contain gas in a liquid form. The liquid would be released on impact and expand to many hundred times its volume. The gas cloud so formed would be heavier than air, and would thus go into the cellars and tubes in which the population had taken refuge. As the bombardment continued the gas would thicken until it flowed through the streets of the city in rivers. All gas experts are agreed that it would be impossible to devise means to protect the civil population from this form of attack.”

That is a cheerful prospect for those of us who are left behind. Some of us still remember the speech made by the present Secretary of State for Air when defending his first year's Estimates. Members from these benches put up

[Miss Wilkinson.]

similar arguments to those I am using now in their plea for air disarmament, and the Minister for Air then assured us that he thought the matter might be arranged by means of treaties under which the centre of cities need only be bombed when the civil population had gone back to the suburbs and the cities were left in charge of caretakers and so on. I preserve that copy of the OFFICIAL REPORT, because when I quote it at public meetings I have been frequently challenged about the absurdity of the statement. If that be the attitude of mind in which such experts as the present Secretary of State for Air are facing the question of air disarmament, it seems to me that the prophecies of General Groves are not by any means likely to be an exaggerated statement of the peril which we are likely to face in the next war.

We are facing an entirely new problem and we are facing it from a technical point of view. Britain is no longer an island. Air armaments have wiped away our old tactical position, but have not wiped away the old-fashioned mentality of the people who are considering the question of disarmament. They will think on the old lines. They still think of us as having 22 miles of moat all round, not realising that not only are we in danger of air attacks from Paris, but that we are possibly in danger from attack from New York as well. What we need is to tackle this problem from a new standpoint, from the economic standpoint of disarmament, rather than considering it purely as a diplomatic game realising also that it is not a question of limiting or cutting down expenditure here and there, but a question of uniting the civilised peoples of the world in a great campaign to get rid of armaments before armaments get rid of civilisation.

Mr. CAMPBELL: I did not intend to speak at all during this Debate, but on listening to the speech of the hon. Lady I could not help thinking it was a great pity that she, like many others, had not had the advantage of more practical experience of the subject on which she was speaking. As one who has been right round the world, and who has lived for a number of years far from this country, I cannot help thinking

that these Debates become theoretical lectures instead of practical politics. The Foreign Secretary has to consider, not what is best in theory, but what is practical politics, what can be done, and what has to be left undone. Although the majority of us in this House and this country would undoubtedly like to see armaments cut down, we realise that we are living to-day in an age when it is an impossibility to go beyond a certain limit of safety. The hon. Lady has spoken of those who have gone out to foreign parts to exploit the natives. Many of us have gone out into those foreign parts not knowing what we were going to meet and having a very hard struggle to fight through to the end. As for the poor native he, as a matter of fact, is not often quite so poor as he is made out to be. The natives know how to look after themselves quite as well as many people in this country know how to look after themselves.

The hon. Lady has talked of those who go out overseas to make profit from the people, in China or Africa or India, but these traders, these brothers and sisters of ours, are doing this country a great deal of good. I have had some experience of the tremendous distances that our food supplies and other things have to be carried in order to reach this country. If we were unable to get those supplies, this country would cease to exist. When we realise that, we must acknowledge that it is absolutely necessary that we should have a sufficient Navy to guard our trade routes. I myself have been a journey right from Singapore to South Africa occupying 17 days without seeing another ship, and I have had the same experience in sailing from Cape Town to Las Palmas. I mention that to show the immense seas we have to go through and that at any moment a ship laden with wheat or sugar destined for this country might very easily be attacked by a foreign vessel.

I merely intervened in this Debate to say that I have never taken part in any war, although I have fought many battles on the cricket field and the football field. Therefore, I cannot be looked upon as one keen after blood, because I am not. I should like to see a peaceful world. I should like, more especially, to see peace starting at home, and then we

should begin to talk about making other countries peaceful. Peace should begin at home, and, when we can trust ourselves, that is the time to talk about other countries. We must bring this matter down to practical politics. It is all very well to talk about cutting down our Navy, Army and Air Force, but, unless other nations are willing to cut down their armaments in similar proportions, it is absurd for us to try and get the First Lord of the Admiralty, the Foreign Secretary, the Secretary of State for War, or the Minister for Air to cut down their Estimates. I only intervened in this Debate, because I thought it had gone a little away from the practical side.

Mr. CONNOLLY: I have been very interested in the remarks which have been made by the hon. Member for North West Camberwell (Mr. Campbell), who generally deals with these questions in a practical manner. I hope I shall be able to deal with this subject in a practical way. By way of supplementing the remarks which have been made by the hon. Member for East Middlesbrough (Miss Wilkinson), I would like to draw the attention of the Under-Secretary to the fact that the Foreign Secretary did not deal with a very important matter, and that is the question of the limitation or the total abolition of the use of poison gas in warfare. I think we ought to have some common measure of agreement as to our position at those Conferences where the question of poison gas is considered. In the old days, according to the Convention of Nations, it was forbidden to poison water, but we have reached the position to-day when the very air itself may be poisoned to such an extent as completely to transform the whole of our system of warfare. Poison gas kills men by a method which has never been employed before, and I would like the Under-Secretary to give the Committee an assurance that the Foreign Secretary is really alive to the importance of this matter of the limitation or the total abolition of the use of poison gas.

I will now come to what the hon. Member for North West Camberwell spoke of as the practical side of this matter. I want to deal with the question of armaments in a way in which it was not dealt

with by the hon. Member for East Middlesbrough. During the War we had an opportunity of examining this question of expense in regard to armaments and of asking ourselves whether it was justified or not. I agree with the hon. Member for North West Camberwell that we must have a Navy to protect our commerce. We all realise that, but the question that concerns us most of all to-night is whether we are justified in our present expenditure in order to keep the Navy at its supposed efficiency. I want to examine the question as to whether our Navy is efficient when it comes to the test of actual warfare. I have been engaged nearly all my life either in working on ships or supervising shipworkers. What happened after the Battle of Jutland? What was the first thing that happened as far as the repletion of the Navy was concerned? It is not generally known that we came perilously near to defeat in the Battle of Jutland.

The DEPUTY-CHAIRMAN (Captain FitzRoy): A discussion in regard to the efficiency of the Navy is not relevant to this Vote.

Mr. CONNOLLY: I am discussing the question of the expense of the Navy, and I am trying to show that that expenditure is not justified.

The DEPUTY-CHAIRMAN: That question cannot be discussed on this Vote from that point of view. A question affecting the expense of the Navy cannot be discussed on the Foreign Office Vote.

Mr. CONNOLLY: Surely a question as to the amount of money which is being spent on the armaments of the country is in order?

The DEPUTY-CHAIRMAN: Not in that sense. If the hon. Member wishes to deal with naval matters, he must do it on the Navy Estimates and not on the Foreign Office Vote; otherwise, we should be able to discuss any subject under the sun on this Vote.

Mr. CONNOLLY: Our supposed preparedness for war is not really preparedness at all. If we take our own country and compare it with Germany, our preparedness before the last War counted for nothing, because Germany on land was supposed to be invincible. Of course, if preparedness was the only

[Mr. Connolly.]

thing that was required, Britain was invincible on the sea before the last War. I hold that the War proved that Germany was not invincible on land, and that we came perilously near to defeat on the sea, and it was only our quickly improvised methods which overcame our difficulties. I submit that in our own country we had that lesson during the War, namely, that all our preparedness and expense was proved in the main to be futile, and we had to engage during the War period on the building up of armaments quite different from those we had prepared prior to the War. During the first two years of the War, we were engaged on improvising methods, such as the getting up of decoy ships, monitors, and all the rest. All these things, which we had never thought necessary before the War, we found absolutely essential, and the things which we had regarded as essential and on which we had spent so much money were practically useless. I submit to the Chairman's ruling, and I am not going into the question any more closely, but I intended to show the Committee that the greater part of our expense is wasted, so far as armaments on sea and land are concerned.

With regard to the general question of disarmament and who is going to lead the way to the disarmament of nations, I agree with the hon. Member for North-West Camberwell that we must protect our sea-borne trade, but I want to remind him, as I have reminded the Committee before, that we are the most bellicose nation the world has ever known. [An Hon. Member: "No!"] I repeat that. We are the most bellicose nation the world has ever known. Before 1914, we fought 43 wars in 50 years, and since 11th November, 1918, we have fought four wars costing £700,000,000 and thousands of lives. We are the most bellicose nation the world has ever known, and it is not Belgium, Holland, Spain, Czechoslovakia, Russia or Germany which will require to show the nations the way to peace but it is we ourselves—it is this great fighting nation which has led the world in fighting which will have to lead the world back to the paths of peace.

Let me once again remind the Committee of that great example of peace not won by armies but by something else. If we were asked which was the safest

part of the British Empire to live in, would we say, "Here in Great Britain"? We would not. (Would we say it was in India, with all our fortifications and garrisons or would we say it was on the Rock of Gibraltar. No, the part of this great Empire which is the safest as far as war is concerned is the part that has no armaments whatever. Take our own Dominion of Canada, without a gun or a soldier on the frontier. That is the safest part of the Empire to live in, but if 127 years ago, there had been a different spirit, we would have a different spirit now between the two nations of Canada and the United States. If 127 years ago we had erected one gun on the northern side of the frontier, the United States would have erected two on the south, we would have erected three on the north, they seven or eight on the south and so on right across, until the whole line of 3,000 miles from St. John's to Vancouver would have been bristling with armaments. Then someone would have said something or done something, a covert act would have been committed, and there would have been war within two or three years. Then there would have been an armed peace—a peace worse than the war itself. That is what might have happened 127 years ago, but we had peace and we have had it there during all these years because we had the will for peace. Let me draw the attention of the hon. Member for North-West Camberwell when he speaks of these things as a necessity. We say they are not a necessity and that we want first of all disarmament of the mind and of the nations as a whole. I say that this great nation of ours which has taught the world how to fight ought to lead the nations back to the paths of peace.

Captain CROOKSHANK: If I intervene in this Debate just for a few minutes it is not to follow the last speaker in his very picturesque description of what might have happened along the Canadian frontier or the fears of the hon. Lady the Member for East Middlesbrough (Miss Wilkinson) about air attacks on London and New York, but merely to touch on one or two points more related to foreign policy which were raised earlier in the evening, because this Debate has ranged over a very wide area. The complaint which the Opposition is apparently bringing to-day against the Government is that they have not been farseeing

and active enough in pursuing the policy of disarmament whether at Geneva or elsewhere. That point I should have thought might better have been postponed because the matter, even as we are speaking now, is very much *sub judice* in Geneva, and I would remand the Committee that what we say here is very often carried far wider over the world than many of those who speak have any idea could possibly be the case. Members who, perhaps, have no great opinion of their own oratorical skill, find their words reproduced up and down the whole of the civilised world, and may perhaps in a moment of thoughtlessness do immeasurable harm to the very subject of disarmament which has been the subject of the discussion to-day.

The hon. Member for Brightside (Mr. Ponsonby), who opened the Debate, and the hon. and gallant Member for Central Hull (Lieut.-Commander Kenworthy) pinned their criticism on to two or three points, and one which they both dealt with was the reference to a suggested treaty which M. Briand touched upon as between France and the United States by which the two countries should put war outside the pale of legality. The Government was invited by the Opposition speakers to adopt a similar policy. The leading article in to-day's "Times" has been quoted several times, and there were some words which I remember noticing this morning in which war between this country and the United States was stigmatised as being unthinkable. This new idea of the Opposition that we should, by a solemn covenant, say that war between these two countries should be illegal seems to me a very different argument from that which we heard in our own country when the Government attempted to pass a Bill which laid it down that the general strike should be considered illegal. "Oh, no," it was said, "in that case it is not worth putting into words"—

Mr. KELLY: You could not find the words.

Captain CROOKSHANK: Words were found which will be eminently satisfactory if the time comes, though we hope it will long be postponed, for it to be put into force, but the whole argument then was that if trouble arose there would be such an urge among working men that no form of words in an Act of Parliament

would be effective. Yet to-day we are invited to do something in a far more difficult sphere, because hon. Gentlemen opposite will quite realise that, whereas it is in some ways possible to do certain things in your own country where all speak your own language, and where there is a common outlook on the majority of the subjects which come into political discussion, it is not at all easy to translate that similar action into the international world where people have entirely different traditions and ideals and ways of looking at a problem.

The second point discussed this afternoon and which was particularly introduced into the speech of the hon. Member for Smethwick (Mr. Mosley), was the extraordinary hallucinations which the Opposition seems to have as to the subject of the Foreign Secretary's conversation with Signor Mussolini—hallucinations which the right hon. Gentleman entirely dispelled when he made his official reply. The third point which cropped up was our relations with Russia. Several times quotations were made from the Home Secretary's speech in which—I only take the words as they were given—he said that the world must unite to stamp out Communism. The Opposition seem to think that that is something very terrible. They must be forgetful of their own policy. Only in this morning's "Times" I read that one of the things to be discussed at the Labour Conference in the autumn is the question of turning out Communists from their own party. Is it so strange that the Home Secretary should say that Communism in the world at large is a public danger, when they themselves are apparently going to be invited to recognise that in their own party it is an even worse menace? Apparently they have not even read the speeches of the right hon. Gentleman the Member for Derby (Mr. J. H. Thomas) during the week-end, because, if ever one wanted an indictment of Communism—I am not talking about Russia—it is to be found in the words he spoke to his followers. The Opposition, apparently, do not endorse them, but the right hon. Gentleman's own union most certainly and emphatically did.

Then the hon. and gallant Member for Central Hull asks why we do not talk about Persia and the capitulations. There

[Captain Crookshank.]
might or might not be a great deal to be said on that subject, but, when negotiations are going on, as the Under-Secretary has stated several times in this House, it is just as well, perhaps, that discussion should not take place here. One would have thought that the Opposition, looking down the Foreign Office Votes for discussion, would have raised two matters which are of outstanding importance in foreign affairs. The first is that of the chaotic conditions in China and the reactions that they have upon our foreign policy. But the Opposition are getting a little wily. They have burnt their fingers once over China, and they have very carefully avoided raising that subject to-day. The second matter is one that would have been, not only topical, but of very great interest, namely, the whole question of our position in Egypt, arising out of the discussions which were so happily settled, as we understand, a few days ago. Not having raised, however, the questions that were most obvious, they plunge into this question of disarmament, which, in view of the present conversations at Geneva, it would seem to be particularly improper to raise, for fear that we might do something to hamper what is so desirable there.

We may take it that the text upon which some of the Opposition speakers have been preaching is the text of the most extraordinary Resolution which appears on the Order Paper, although, of course, it has not been moved, and which has formed the basis of a good deal of what they have said. It deals with the question of national security and disarmament, which is a wide enough heading for any Resolution, and it suggests that:

"This House views with apprehension the development of sectional alliances."

That has been entirely put out of the discussion by the speech of the Foreign Secretary, because he carefully explained that any sectional alliances that might or might not have been signed—whether the whole of the 12 which the hon. Member for Brightside read out or not—were merely alliances between two nations, under which they might come to more friendly terms with each other under the general ægis of the Covenant of the League of Nations. Some of them, to be sure, were between Powers which have

nothing on earth to do with the League, which are not members of it; but the majority of them were between members of the League, and, therefore, subject to all the overriding considerations of the Covenant. The Foreign Secretary emphatically said that, so far as we were concerned, there was no such alliance, and that, so far as we were concerned, there were no secret clauses. The hon. Member for Smethwick (Mr. Mosley), remembering, perhaps, his Conservative tendencies, took up the line of argument that in past treaties there always were secret clauses, and that therefore, there must be some to-day—the most fantastic argument, probably, that ever issued even from his lips. The Resolution goes on to say:

"These sectional alliances indefinitely postpone any prospect of a substantial advance towards disarmament"—

a real *Pontifex maximus* utterance on the part of the Socialist party. How do they know anything of the kind? How can they indefinitely postpone disarmament, or anything else? By improving the relationships between nations, they bring about a far happier frame of mind over Europe and the world than would otherwise be the case. Then the Resolution goes on:

"It is only given a permanent basis by a definite and open policy of fair dealing, conciliation and respect of national rights."

That is exactly what we claim, and what the Opposition, in the case of China and Russia, have been so anxious to deny to our Government and our people. Open diplomacy means, as we understand it, and as the hon. Member for Brightside understands it, that the result of your diplomacy should be made open to the world, open to the Governments, and openly arrived at. What about that extraordinary treaty of which he, at the very moment when he was signing it he himself, and his Noble Friend in another place, said they did not know the terms? Who are the Socialist party that they should come and preach to us, who have nothing to hide whatsoever, that we should hide nothing? We have repeatedly urged that national rights should receive consideration, and, every time that question arises, attempts are made to thwart it in the Socialist party. They say:

"We should take a bold initiative in the establishment of an international scheme guaranteed by the League of Nations."

That is what we have done. Every observer who has followed the conference that is now going on at Geneva knows perfectly well that it is only the British representatives who have produced a scheme at all, a perfectly definite scheme for disarmament, most scientifically contrived and well thought out; and yet, apparently, this Resolution is to be brought forward as though we had done nothing. We have done everything in our power, and certainly this country has led the way.

Finally, the Resolution makes reference to compulsory arbitration. The Socialist party are talking about compulsory arbitration in international affairs, when everyone who ever mentions the word "arbitration" in industrial disputes is howled out of court by them. When Amendments were moved from this side to a Bill, as was the case not very long ago, to enable something to be done towards co-operation and arbitration, they took to their tents and sulked, and would have nothing whatever to do with it; and yet they have the face to put a Resolution on the Paper urging that we should press forward compulsory arbitration. My right hon. Friend the Foreign Secretary was perfectly right in what he said. It is by modest and slow steps that the desired results will be obtained. Do not let us rush forward blindly to put on paper all sorts of nonsense like these words that I have touched upon. I am sure I am perfectly right in saying that, if my right hon. Friend were asked what his opinion had been at the Council of the League of Nations before he took the seals of the Foreign Office, and what it is now, it would be a revelation to one and all to know how he has advanced the work of pacification of the Council. I hope that the Government will go forward on the lines that he is following, not in search of spectacular results, as the Socialist party invite us to do, contrary, in international affairs, to all their principles in home affairs, but that they will go right on, and will, as I am certain will be the case, get the loyal co-operation of the House of Commons and of all thinking people in this country. We shall then achieve the results for which we all hope.

Mr. TREVELYAN: Before I say anything about what the hon. and gallant Member for Gainsborough (Captain

Crookshank) has just been putting before the Committee, I should like to refer to something that was said by the Foreign Secretary which does not bear immediately upon the main subject of our discussion. The right hon. Gentleman said, on behalf of the Government, that he would undertake that no engagements involving the country in the obligation of war would be undertaken without the knowledge of Parliament. I was extremely glad to hear that statement, because, in the first Session of this Parliament, I moved, on behalf of the Labour party, a Motion the main part of which ran as follows:

"That no treaty should be ratified and no diplomatic arrangement or understanding with a foreign State involving, directly or indirectly, national obligations, shall be concluded without the consent of Parliament."—[OFFICIAL REPORT, 11th March, 1925; col. 1430, Vol. 181.]

When I moved that Motion, I was rather surprised at the extremely unfriendly way in which that proposal was received by the spokesman of the Government, who was not the right hon. Gentleman, but his Under-Secretary—not the present Under-Secretary, but his predecessor. I was surprised because I thought that the terms of the Motion were in consonance with the right hon. Gentleman's general principles. I am extremely glad now that we had from the right hon. Gentleman a statement that is so explicit in saying that engagements involving the country in an obligation of war would be submitted to the House of Commons, and that the House would have an opportunity of expressing its opinion upon them. I wish to note that, because I think it is a great constitutional advance if it is accepted by both parties, as it has for some time been accepted by ourselves.

I come now to what the hon. and gallant Member for Gainsborough was saying. There are two things I should like to allude to. The first is that he rather sneered at us for not discussing the question of China. We should be perfectly ready to discuss it, and I think some of us were thinking of raising it before the Session is out, but we have had plenty to talk about to-day. We are not afraid of discussing it. I do not know whether the hon. and gallant Gentleman thinks the Government are profoundly successful in China. I do not know whether he

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has been observing the British Trade Returns. I do not know whether he has been studying what is happening in China and our relations with the Chinese. I should not have thought it was very much to be proud of on the part of the Government. There is one thing of which both sides of the House are glad, and that is that our Army has not had any fighting. Thank God for that. If we can say of our Army a few months hence—

"The grand old Duke of York, he had 10,000 men,

He marched them up to the top of a hill,
and he marched them down again."

we shall on this side all be very pleased. Then the hon. and gallant Gentleman taunted us in a kindly way with being in favour of international arbitration when we were not in favour of industrial arbitration. I will only point out one difference, though there are many. One very important difference is that in the case of compulsory industrial arbitration neither the masters nor the men are in favour of it at present. I am not discussing whether they ought to be. I only say that is the fact that neither side is in favour of it. But the hon. and gallant Gentleman says the Labour party come forward with a new idea to make war illegal. Not in the least. It was the idea of the Protocol. The Protocol was approved by all the nations, and that is the difference, that if we had had a Government that was in favour of the Protocol, we should have had in effect compulsory arbitration for all the world, a very different thing from the situation in the industrial world, where neither party was ready to adopt it.

The object of this Debate is an exploration of what our nation, holding as it does the premier position at Geneva, would be able to do in the matter of disarmament if the Government was rightly inspired, and I think, to put it quite shortly, it is to put forward two ideas, that the Government ought to take the lead in disarmament and not wait for others, and, secondly, that disarmament can only be real and effective if it is accompanied by a policy of arbitration, and the sense of security which that would create. Our complaint, and the reason why we shall divide the Committee, is that we do not see any signs

of our Government realising to a necessary degree our obligations and opportunities in either of these directions. I do not think the interest or the participation in this Debate of either side represents the real interest of the country in this matter. We share with France the principal responsibility for the Versailles Treaty, for the settlement after the War and for the League of Nations, and the success of the League of Nations is in this country desired by more of the population than any other thing has ever been desired in our time. The movement of the League of Nations Union, utterly unpolitical, has attached to it more people from all parties than any other movement in our time. What does that mean? It does not merely mean that they desire to have the League of Nations in existence. It means that they believe the League of Nations may lead to the end of war. The great hope of Versailles was the prospect of disarmament, and the only one unqualified advantage in the Versailles Treaty was the disarmament of Germany, and the corollary and consequence of the disarmament of Germany was the disarmament of the other nations. Here we are, eight years after May, 1919, when this statement was made to the world as the great hope of the world. How much of it is being realised yet?

"The Allied and Associated Powers wish to make it clear that their requirements in regard to German armaments were not made solely with the object of rendering it impossible to resume her policy of military aggression. They are also the first steps towards that general reduction and limitation of armaments which they seek to bring about, as one of the most fruitful preventatives of war which it will be one of the first duties of the League of Nations to promote."

There is the promise. Time is pressing. It is eight years since that was made and what has happened? Have armaments been reduced? Has there been any serious disarmament since then? The challenging question keeps ringing out, "Did we mean that?" and it is a question which will be asked louder every day. Moreover, let those who are interested in the League of Nations note that it will be asked more definitely in the League of Nations now than it ever was before because Germany is in the League of Nations, and all Germany is asking: Is it going to be

fulfilled? Part of Germany is saying, "You never met us." Another large part of Germany is saying very sincerely, "We have learned our lesson. Has not the rest of the world learned it?" At any rate, that question is going to be asked more and more every year.

Where is the world going to look for its lead in disarmament? At present the Governments are waiting on one another. Disarmament conferences and committees meet and each Government says, "We will do well if others will do well; we will limit if others will limit," and no one makes drastic proposals. Some hon. Members will have read the report by Lord Cecil of Chelwood of the Preparatory Committee for the Disarmament Conference. Those who know him know perfectly well that he does want disarmament, and at the end of this report, in which he discusses all the difficulties, and points out the differences between the attitude of the British and other representatives, he ends up on a different note. Note what is going to happen. This Committee that he reports on has been preparing a skeleton draft which might be made a disarmament treaty. There have been all sorts of difficulties in connection with it. There has not been complete agreement and there is to be a fresh Committee to finish it. This is the way in which Lord Cecil concludes:

"From these observations it will be seen that on a very large number of very important questions agreement was reached. The general principles of limitation of the land and air forces are not seriously in dispute, and even with regard to the sea the differences can scarcely be considered irreconcilable. On the question of budgetary expenditure, I certainly understood that a provisional arrangement had been reached, and with respect to international supervision I cannot help hoping that further consideration will show that a very considerable approach has been made to agreement."

In other words, if the countries represented at Geneva really desire a draft convention for the limitation of armaments, which shall state the principles and methods by which such limitation can be done, that agreement is within their grasp.

The question is, what is going to be put into the agreement, and whether there is going to be anything effective put

into it? I want my country to take the lead. There is no chance if nobody is going to make the original suggestion. What I should like to see is a big flagrant reduction proposed by our country in order to arouse the conscience of the world and to startle the lethargy of the world. I do not mean that we should say unconditionally we intend to do this and that, but that we should say we, the British, are ready if other nations will do the same. If other nations will follow, we are ready to do something really big—to abolish all our capital ships, to abolish all cruisers over 5,000 tons—I am only putting forward what we might say: something that would make the world feel that we meant business—to abolish all tanks, to abolish all aircraft, to abolish all preparation of chemicals. I say what is the use of our prating about our good intentions and waiting for somebody else to do the good actions? I want my country to do some great, drastic thing which will create a common atmosphere in the world. I believe, in spite of the obvious disapproval of some hon. Members opposite, there are many people in their party who would not be sorry for this to be done. The difficulty, I think, which hampers and holds back our statesmen is that we have a chance to take the lead in producing these international conditions which will alone facilitate disarmament. The only real, stable foundation for disarmament is the exception by the great nations of all-in arbitration.

How have the Government acted in relation to that? They have not got a very inspiring record. The Government began by rejecting the Protocol which was prepared in 1924 and which was supported, as far as was known, by all the nations of the world. It was certainly supported by France—certainly by all the principal nations. All-in arbitration and disarmament are the essential sequel to it. The present Foreign Secretary thought that he had got something better—the Locarno policy. No one will deny that it was something, but few people will think it offered as much as the Protocol. The idea of Locarno contained the very idea which we are discussing and urging in this Resolution which causes the hon. Member for Gainsborough (Captain Crookshank) to scoff. Locarno, after all, contained that idea, and the Foreign

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Secretary himself declared that the idea of it was "disarmament 10.0 p.m. through security, and security through arbitration."

In the Locarno Treaty, in the framework of it, there was all-in arbitration between Germany and France and between Germany and Belgium. That system of all-in arbitration—arbitration on every subject, not only on local questions—we are guaranteeing as a people. We set our seal to it for other people but we will not adopt it for ourselves. It is a curious position for the right hon. Gentleman to adopt, that when it comes to our own case, it is not good enough, or it is too good for us.

The policy of the Government in regard to all-in arbitration is, first of all, to refuse the Protocol. Then they refused to submit legal questions uniformly to arbitration. They refused to subscribe to the optional cause. There are 23 other countries that have accepted it. We did not accept, in spite of the fact that we preached arbitration to France, Germany and Belgium. In 1925 Switzerland and Italy made a new Treaty. By that Treaty the two countries submit all questions to arbitration. I think in the same year the Swiss turned to France, and asked them whether they would have an all-in arbitration. France accepted it, and there is a Franco-Swiss all-in arbitration. But when the Swiss turned to Great Britain, "No," says the right hon. Gentleman, "there is nothing doing; we are not in favour of all-in arbitration." The same thing occurred with the Swedish Government. The proposal by the Swedish Government was refused. The same thing occurred with the Dutch Government. The Dutch offered us all-in arbitration, and it was refused. The Foreign Secretary for Holland was asked in their Parliament why it was that Great Britain had refused. We do not know, and he said it would not be courteous to Great Britain to say why. The position is this. We no longer take the lead in arbitration, and I think it is a pity we do not. I hope the hon. Gentleman will not mind if I again press this question of France and America as an example and ask why we cannot do the same kind of thing. France goes to the Americans and offers them—I will quote the actual words of M. Briand:

"France would be ready publicly to sign any reciprocal engagement with the United States with the object of outlawing war according to the expression in use in America."

These are the governing words of his offer. The matter is now being thoroughly and seriously discussed. I can conceive of no reason on earth, except want of will and want of imagination, why our Foreign Secretary should not say the same to the United States. We have abolished war in our hearts. Well, then, why cannot we abolish it in the terms of Treaty? Perhaps those of the next generation might not wish to abolish war as much as we do. Perhaps there might be a change and, therefore, let us then tie them down with the same common sense as exists in this generation. On 4th June, 1928, our Government will have to decide whether it is going to renew the Treaty of arbitration with America and in what form. We already have got an arbitration Treaty with America, but it is not an "all-in" arbitration Treaty. That Treaty ends on 4th June, 1928, which is 20 years from 4th June, 1908, when we made that first arbitration Treaty, and why cannot we, if we are really bound to the Americans in this way, offer them an "all-in" arbitration Treaty? I think we are all ready for it. I think many right hon. Gentlemen and hon. Gentlemen opposite are ready for it. Why should not our Government offer it and begin a series of Treaties outlawing war and arbitrating every question to the instrumentality of the League of Nations?

I do not want to speak long. The case is quite obvious to everyone. I think our people will soon come to the rescue. We all know perfectly well what is going to happen, if not in our generation then in the next, if armaments go on. It is not a difference between the two sides of the House; it is not a difference between pacifists and warmongers, or between Labour and Conservative. Over and over again we have stated here, it has been stated from both sides of the Committee to-day, what is going to happen in the next war. It has been read out in detail by my hon. Friend the Member for East Middlesbrough (Miss Wilkinson) on our side, and it was summarised on the other side by the hon. Member for Oldham (Mr. Duff Cooper), who said that in the next war we should wipe out all cities

and all our monuments of civilisation. There is no difference. We all know our fate. We know our cities will be all depopulated and our citizens slain in millions. There is no difference in opinion, and still time flies fast. Governments, not through ill-will but through no will, are allowing armaments to accumulate to-day. Why do we consent to go on living under this sentence of death? We are the most important voice in the united jury of the greater nations which is now commanding the world. Why do not we make the treaties? Surely the Government realise what will happen to them or their successors—it does not matter which particular Government it may be—if they come back from a disarmament conference with nothing in their hands. Unless they can come back with £30,000,000 or £50,000,000 to be struck off every year from the ghastly bill which we pay in order to destroy our civilisation in the next generation, surely the Government know that there are pent-up volumes of frustrated hope and angry disappointment which will make it hard for any Government, even this Government with its 200 majority, if they come back with nothing. Unless they are to come back with nothing, they must be quick about it and come back with a real policy which will grip the imagination and the faith of the world.

Mr. LOCKER-LAMPSON: I think we all recognise that the great bulk of Members of the House of Commons are most anxious to keep foreign affairs outside the arena of party politics. I, certainly, have no complaint to make of the tone, practically speaking, of any of the speeches that have been made to-day. I think it was my hon. and gallant Friend the Member for Gainsborough (Captain Crookshank) who said that it is sometimes a humble Member of the House who makes a speech on foreign affairs which sometimes becomes misconstrued and misinterpreted in foreign countries. Therefore, I think it is essential to do all that we can, when speaking about foreign affairs, to get rid of our conceptions of party for the moment and to speak about foreign affairs from the larger point of view.

A very large field has been covered, and if I really attempted to answer or to reply to all the speeches made, I

should not really be able to finish my speech and, therefore, I think, if the Committee will allow me, that I had better concentrate on one or two of the definite questions that have been put, and one or two of the criticisms levelled against the Government. One question was asked by the hon. Member who initiated the Debate this afternoon about the evacuation of the Rhineland, and I think that was also referred to by the hon. Gentleman the Member for East Aberdeen (Mr. Boothby) and the hon. Gentleman the Member for Peckham (Mr. Dalton). They expressed the hope that evacuation of the Rhineland would soon take place, and the Secretary of State has asked me to say that he was very sorry he did not reply to that point which was made by the hon. Gentleman who started the Debate. As a matter of fact, he informs me that the question of the evacuation of the Rhineland was not raised in Geneva at this last Session, and His Majesty's Government do not think that any useful purpose could be served in discussing the question now. As a matter of fact, there has been a considerable reduction of troops in the Rhineland since December, 1926. His Majesty's Government consider that this reduction has not been carried far enough and, indeed, has not been carried as far as was contemplated in the Resolution of the Ambassadors' Conference, and His Majesty's Government will continue to do their best to see that the early completion of the expectations raised by that Resolution of the Ambassadors' Conference is carried out. I think that answers the question by the hon. Gentleman opposite.

Then the question of Russia was raised. It was raised by the hon. Gentleman the Member for East Aberdeen and the hon. Member—I do not see him in his place now—for Stourbridge (Mr. Wellock). The hon. Gentleman opposite and the hon. Member for East Aberdeen said they hoped we should soon be able to resume diplomatic relations with Russia. I must say at once, and, of course, it is a truism, that we have got absolutely no quarrel with the Russian people at all. None. We want to live in amity with the Russian people. We are very anxious to do trade with Russia. We are very anxious to be friends with Russia, but until the Soviet Government make up their mind to drop pro-

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paganda against the British Empire it is impossible for us to have diplomatic relations with them or to remain on the footing with them that we are with other countries of the world. The hon. Member for East Middlesbrough (Miss Wilkinson) said that she believed that oil interests had a great deal to do with the rupture of diplomatic relations. I cannot believe that the hon. Lady really thinks that. It is surely not necessary for me to say that the oil interests had absolutely nothing to do with it, and that such a consideration was not even as heavy as gossamer in the scale.

Miss WILKINSON: May I make a correction there? I thought I made it clear and that I said that the oil companies were behind the "Daily Mail" campaign against Russia, and that that had a great deal to do with creating an atmosphere in regard to relations with Russia. I said that they were behind the "Daily Mail" campaign, which created the atmosphere.

Mr. LOCKER-LAMPSON: I am very glad that the hon. Member has made that qualification. We were considerably influenced by the fact that month after month and week after week we were faced by this Government carrying on propaganda and intriguing against us in every part of the world. The Soviet Government has only to turn over a new leaf in that respect, and only to make it clear that it will cease this propaganda and recognise its obligations, like every other civilised community, and we shall certainly be prepared to resume diplomatic relations.

Various hon. Members, among them the hon. Member for Penistone (Mr. Rennie Smith) asked me to say something about the tripartite conference which is now going on at Geneva. I think we ought not, at this moment, to discuss in the House what is going on at Geneva. To the hon. Member for Gainsborough (Captain Crookshank) I would say that an Under-Secretary of State is a very unimportant individual.

Captain CROOKSHANK: I never said that.

Mr. LOCKER-LAMPSON: Even the words said by an Under-Secretary may be misconstrued and carried abroad in

a truncated form. All I can say is that the British representatives have gone to Geneva in order to contribute to a solution of the great problem of peace. We shall do our best, and no feeling of mere pride or *amour-propre* are going to stand in the way. The hon. Member for Newcastle East (Mr. Connolly) raised the question of gas warfare and asked what we were doing about it. I would remind him that in the Treaty of Versailles poisonous gas warfare is absolutely prohibited in the future. Naturally, we shall abide by that Treaty. In addition to that, in the second Treaty of Washington the nations who signed that Treaty agreed to be bound by the prohibition in the Treaty of Versailles. That, I think, will probably satisfy the hon. Member.

Mr. CONNOLLY: But we keep on manufacturing gas and improving the methods of producing it.

Commander BELLAIRS: What is the position in Russia?

Mr. LOCKER-LAMPSON: I think the hon. Member for Newcastle, East, may remain satisfied that we shall adhere to our obligations under the Treaty.

Mr. SHEPHERD: But we are still manufacturing gas.

Mr. LOCKER-LAMPSON: The right hon. Member for Central Newcastle (Mr. Trevelyan) asked me if I could refer in some way to the message sent by M. Briand to the United States, and several hon. Members have referred to that subject. I think we ought to deal with one thing at a time. At the present moment, we are engaged with the United States and Japan in considering the very urgent problem of naval disarmament, and until that is out of the way I do not think we ought to complicate matters by dealing with any other particular problem. The hon. and gallant Member for Central Hull (Lieut.-Commander Kenworthy) made an interesting suggestion, which was also made by several other hon. Members, that war ought to be made illegal. That is, of course, the object of the Geneva Protocol; but the difficulty is that you have to define the aggressor. If you make war illegal, in order to show that an illegality has occurred you have to

define the aggressor. You may have two very nervous countries, co-terminous with one another, where frontier issues may arise, and it would be practically impossible to define the aggressor in that case. We are all in agreement that, if possible, war should be stopped, but I feel that we must advance along practical lines. Another suggestion, made by the hon. and gallant Member for South Hackney (Captain Garro-Jones), was that all forms of aerial warfare should be abolished. It would be a good thing if that kind of warfare could be abolished, but again I feel that it is not practical politics at the present moment. We must really do what we can to advance on practical lines, because if we try merely to deal with impossible realisations, we shall make no progress.

Captain GARRO-JONES: I have been trying ever since I have been in this House to find out why that proposal is impracticable; why it is more impracticable than the proposal to limit armaments in any other way. I have suggested that the thorough method is the only method. What is the practical objection to the policy of abolishing aerial warfare?

Mr. LOCKER - LAMPSON: At the moment I do not think it is a practical proposition. In order that a proposition should be practical you have to find people who will agree, and at the present moment I doubt very much whether you would find the world in general willing to abolish the aerial fighting arm altogether. [An HON. MEMBER: "Has it been proposed?"] I am coming to that in a moment. The hon. Member said that no single step had been taken towards general disarmament, and the hon. Member for Peckham (Mr. Dalton) said that we had achieved very little towards general disarmament. Have they really forgotten what has happened under the Preparatory Conference? The hon. Member for Peckham criticised us for opposing the limitation of armament expenditure at the Preparatory Conference. The proposal that was made was to give a limitation to expenditure on war material; the proposal that was made was that this limitation should take place over a five years period, and that if less was spent in the first, second, third or fourth year, the whole of that could

be made up towards the end of the period. In our opinion that might have resulted in a very sudden increase in war expenditure in certain cases, and that again would have compelled other countries to increase at the same pace. There were other reasons as well. I maintain that it was not such a simple proposition as hon. Members opposite think, and that was one of the reasons which prevented us accepting it. The hon. Member also criticised us for opposing the supervision of armaments. As a matter of fact, although the Washington Treaty has been a great success—we signed it with other countries—there was no supervision proposal or condition under the Washington Treaty. The proposal put forward before the Preparatory Conference was that the Disarmament Committee should be able to go into any country; a sort of Committee of Inquiry. Even the Council of the League of Nations cannot do this. I do not believe that any country would tolerate it for a moment. In the first place, it would be usurping the functions of the Council of the League. In so far as merely collecting material and the making of reports and sending to the Council are concerned, it would do no more than the Secretariat of the League does at the present moment. The only use of such an inquiring body would be if it really possessed the goodwill of the whole world. I do not believe that it would possess the goodwill of the whole world in inquiries of that kind. Therefore, evasion would certainly take place. That is one of the reasons why, when that proposal was raised at the Preparatory Conference, we could not accept it.

I feel that His Majesty's Government have shown their earnestness and desire to contribute what they could to this disarmament problem. The hon. Gentleman who spoke last said that he wished that this country would take the lead in disarmament. Does he forget that this country was the first country at the Preparatory Conference to submit a draft convention on disarmament? France followed suit and produced her own draft convention. What has emerged from this Preparatory Committee? You have only to read the White Paper that was laid a little time ago to realise the immense measure of agreement on many important aspects of

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this problem. The problem is so vast, so complicated, that I think no one has any right to assume that an immediate solution will be found. It is very important to go carefully and to go patiently. Lord Cecil himself said, in a speech not very long ago—I was glad to hear the tribute paid to him by an hon. Member opposite—that nothing would prejudice the chance of final success and achievement more than impatient and ill-considered action now.

I have said that from this Preparatory Conference a large measure of agreement had emerged. I believe that the result so far is full of promise. Agreements were come to in regard to land armaments, naval armaments and air armaments. In regard to armaments as a whole, general agreement was reached to limit the effectives in the services of the armed forces, the land and sea forces, organised on a military basis. That is a vital agreement, for it forms the basis of the whole superstructure of detail which some day will have to be built up and completed. To go back for one moment to land armaments, various definitions were agreed upon, and, although they were merely definitions, it has always seemed to me that it is of vital importance to get these definitions, because in discussing these matters it is very important that you should mean the same thing. Without an agreement about these definitions no real progress is possible. In regard to naval armaments—I do not propose to go through the list—a very large number of agreements were reached. In fact, the whole of the agreements come to at the Washington Conference in regard to these particular subjects were agreed to again by a much larger number of nations.

In regard to air armaments, a general agreement was arrived at to limit them in accordance with figures to be laid down. Finally, there were two other important agreements. There was a general agreement that an annual statement should be sent to the League of Nations by each of the contracting Powers in regard to their military effectiveness, and there was also a general agreement that an annual statement should be sent to the League of Nations of the amount proposed to be actually expended in the current and pre-

ceding years respectively. If these two agreements are carried out, they will prevent any sudden or unexpected increase in armaments, without the world in general knowing about it. As so much emphasis has been laid upon the matter from the opposite side of the Committee, I feel it necessary to make this statement in order to prevent anyone saying in future that no progress has been made. I do not say for a moment that there is not much more to be done, but I do say that there has been a considerable step in advance and that the basis has been laid for future negotiations and discussion.

There is one more subject with which I should like to deal. The hon. Member for Peckham and the right hon. Gentleman the Member for Central Newcastle criticised our attitude in regard to compulsory arbitration. They said, we ought to have made a declaration in accordance with Article 36 of the Statute of the Permanent Court. There are various reasons why we still think it is not advisable to make that declaration at present. In the first place, Article 13 of the Covenant already largely safeguards disputes that are not likely to lead to a rupture of diplomatic relations. This Article binds us to refer to arbitration any matter which we recognise as suitable and which a plebiscite cannot settle. As to disputes likely to lead to a rupture, these are already covered by Article 15 of the Covenant. Under that Article, we are bound to submit such disputes either to arbitration or to the Council of the League. Therefore, the only result that would follow, if we made this declaration of compulsory arbitration, would be that a certain number of cases, which would otherwise go to the Council of the League, would go to the Permanent Court at The Hague. In addition to this, we have already a considerable number of arbitration treaties with foreign Powers, which provide for the submission to arbitration of differences of a legal nature or the interpretation of treaties. Not alone is this the case, but 19 countries have in the past signed agreements with us. Therefore, the sphere in which this declaration would operate would be a very narrow one indeed. It would only operate in regard to very small differences which was really not subject-matter for arbitration at all. Also in regard

to those questions which might be likely to lead to rupture, but would not lead to a rupture affecting the independence or the vital interests or the honour of the countries concerned, it is asked: Why cannot we submit these to compulsory arbitration? There are one or two very important reasons.

In the first place, no constitutional Government can guarantee that the necessary legislation that would arise in case of an unfavourable arbitral award, would be passed by Parliament. We cannot possibly guarantee that, and I need only remind hon. Members of the strong popular feeling aroused when an attempt was made, in 1907, at the Hague Conference, to carry out a measure of compulsory arbitration in the shape of an international Prize Court. That proposal was decisively negatived, and in the future we have no guarantee whatever that if an arbitral award went against us, we should be able to carry the legislation in this House. [HON. MEMBERS: "Twenty years ago."] I merely quoted it as an illustration and exactly the same arguments apply to-day. Another very strong argument is that our Constitution is not a unitary Constitution. We have all the time in this matter to get the consent of India and the Dominions. You have an exactly analogous position in the United States of America, where they have to get the consent of their separate States, and it is for that reason that the United States have up till now declined to make that declaration: and in fact we cannot possibly proceed in this matter as

though we did not require the consent of every other part of the Empire. As a matter of fact, I have here in this box a declaration, in a speech made by the Leader of the Opposition, at Geneva, when he was Prime Minister, that this required a great deal of careful thought, and that before making the declaration, a Commission would have to be set up very carefully to go into the whole matter.

Now I think I have answered most of these questions. May I end my speech by saying this, that it is the policy of the Foreign Office and of the Government to keep on good terms with all their neighbours. We want to live in amity with the whole of the rest of the world, and we are prepared to make sacrifices to do so. Just as an individual, if he is a wise man, abstains from being provocative, is patient, is conciliatory, and tries to understand the point of view of other people, so the Government are determined, while not betraying their trusteeship to the nation, to do all in their power to defend and fortify the citadel of peace. As a Government we have proved that over and over again, in Geneva and elsewhere; and although we may sometimes suffer rebuffs, we shall continue to follow this policy, believing that in the long run it is going to prevail, and that as the world grows older it will become ever more anxious to settle its disputes by goodwill rather than by armaments.

Question put, "That a sum not exceeding £117,573 be granted to His Majesty for the said Service."

The Committee divided: Ayes, 105; Noes, 222.

Division No. 257.]

AYES.

[10.40 p.m.]

Adamson, W. M. (Staff., Cannock)
Ammon, Charles George
Attlee, Clement Richard
Baker, Walter
Barnes, A.
Batey, Joseph
Beckett, John (Gateshead)
Bowerman, Rt. Hon. Charles W.
Bromley, J.
Brown, Ernest (Leith)
Buxton, Rt. Hon. Noel
Cluse, W. S.
Compton, Joseph
Connolly, M.
Cowan, D. M. (Scottish Universities)
Crawford, H. E.
Dalton, Hugh
Davies, Evan (Ebbw Vale)
Davies, Rhys John (Westhoughton)
Day, Colonel Harry
Dannison, R.
Duncan, C.
Dunnico, H.

Evans, Capt. Ernest (Welsh Univer)
Garro-Jones, Captain G. M.
Graham, D. M. (Lanark, Hamilton)
Greenall, T.
Greenwood, A. (Nelson and Colne)
Grenfell, D. R. (Glamorgan)
Griffiths, T. (Monmouth, Pontypool)
Groves, T.
Hall, G. H. (Merthyr Tydvil)
Hamilton, Sir R. (Orkney & Shetland)
Hardie, George D.
Hartshorn, Rt. Hon. Vernon
Hayday, Arthur
Hayes, John Henry
Henderson, Right Hon. A. (Burnley)
Henderson, T. (Glasgow)
Hudson, J. H. Huddersfield
Hutchison, Sir Robert (Montrose)
John, William (Rhondda, West)
Johnston, Thomas (Dundee)
Jones, Henry Haydn (Merioneth)
Jones, Morgan (Caerphilly)
Kelly, W. T.

Kennedy, T.
Kirkwood, D.
Lansbury, George
Lawrence, Susan
Lawson, John James
Lindley, F. W.
Livingstone, A. M.
Lowth, T.
Lunn, William
Mackinder, W.
Maclean, Nell (Glasgow, Govan)
Montague, Frederick
Morris, R. H.
Mosley, Oswald
Murnin, H.
Naylor, T. E.
Oliver, George Harold
Pallin, John Henry
Palling, W.
Pethick-Lawrence, F. W.
Ponsonby, Arthur
Potts, John S.
Richardson, R. (Houghton-le-Spring)

Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Rose, Frank H.
 Salter, Dr. Alfred
 Scrymgeour, E.
 Shaw, Rt. Hon. Thomas (Preston)
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Smith, Ben (Bermondsey, Rotherhithe)
 Snell, Harry
 Stephen, Campbell
 Stewart, J. (St. Hellos)
 Sullivan, J.

Sutton, J. E.
 Thomas, Sir Robert John (Anglesey)
 Thomson, Trevelyan (Middlesbro. W.)
 Tinker, John Joseph
 Trevelyan, Rt. Hon. C. P.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhonda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred

Whiteley, W.
 Wilkinson, Ellen C.
 Williams, C. P. (Denbigh, Wrexham)
 Williams, David (Swansea, East)
 Williams, T. (York, Don Valley)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Windsor, Walter
 Wright, W.

TELLERS FOR THE AYES—
 Mr. Allen Parkinson and Mr. Charles
 Edwards.

NOES.

Acland-Troyte, Lieut.-Colonel
 Agg-Gardner, Rt. Hon. Sir James T
 Ainsworth, Major Charles
 Alexander, E. E. (Leyton)
 Allen, J. Sandeman (L'pool, W. Derby)
 Amery, Rt. Hon. Leopold C. M. S.
 Astor, Maj. Hn. John J. (Kent, Dover)
 Baldwin, Rt. Hon. Stanley
 Barclay-Harvey, C. M.
 Beamish, Rear-Admiral T. P. H.
 Beckett, Sir Gervase (Leeds, N.)
 Bellairs, Commander Carlyon W.
 Betterton, Henry B.
 Blundell, F. N.
 Boothby, R. J. G.
 Bourne, Captain Robert Croft
 Bowyer, Captain G. E. W.
 Braithwaite, Major A. N.
 Brass, Captain W.
 Brassey, Sir Leonard
 Briscoe, Richard George
 Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brown, Col. D. C. (N'th'd., Hexham)
 Brown, Brig.-Gen. H.C. (Berks, Newb'y)
 Buchan, John
 Bullock, Captain M.
 Burman, J. B.
 Cadogan, Major Hon. Edward
 Cairne, Gordon Hall
 Campbell, E. T.
 Carver, Major W. H.
 Cayzer, Maj. Sir Herbt. R. (P'tsmth.S.)
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Chamberlain, Rt. Hn. Sir J. A. (Birm., W.)
 Charteris, Brigadier-General J.
 Christie, J. A.
 Clarry, Reginald George
 Clayton, G. C.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cohen, Major J. Brunel
 Conway, Sir W. Martin
 Cope, Major William
 Courthope, Colonel Sir G. L.
 Cowan, Sir Wm. Henry (Islington, N.)
 Craig, Sir Ernest (Chester, Crewe)
 Crooke, J. Smedley (Derford)
 Crookshank, Col. C. de W. (Berwick)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Cunliffe, Sir Herbert
 Curzon, Captain Viscount
 Davidson, J. (Hart'd., Hemel Hempst'd)
 Davidson, Major-General Sir John H.
 Davies, Maj. Geo. F. (Somerset, Yeovil)
 Davies, Dr. Vernon
 Dawson, Sir Phillip
 Eden, Captain Anthony
 Edmondson, Major A. J.
 Edwards, J. Hugh (Accrington)
 Elliot, Major Walter E.
 Ellis, R. G.
 England, Colonel A.
 Erskine, Lord (Somerset, Weston-s.-M.)
 Fanshawe, Captain G. D.

Forrest, W.
 Foster, Sir Harry S.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Frece, Sir Walter de
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gault, Lieut.-Col. Andrew Hamilton
 Gibbs, Col. Rt. Hon. George Abraham
 Goff, Sir Park
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grant, Sir J. A.
 Grattan-Doyle, Sir N.
 Grenfell, Edward C. (City of London)
 Greston, Colonel Rt. Hon. John
 Grotrian, H. Brent
 Guest, Capt. Rt. Hon. F. E. (Bristol, N.)
 Gunston, Captain D. W.
 Hammersley, S. S.
 Hannon, Patrick Joseph Henry
 Harland, A.
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Hartington, Marquess of
 Harvey, G. (Lambeth, Kennington)
 Haslam, Henry C.
 Hawke, John Anthony
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd., Henley)
 Henderson, Lt.-Col. Sir V. L. (Bootle)
 Heneage, Lieut.-Colonel Arthur P.
 Henn, Sir Sydney H.
 Hennessy, Major Sir G. R. J.
 Hills, Major John Waller
 Hilton, Cecil
 Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
 Hogg, Rt. Hon. Sir D. (St. Marylebone)
 Hopkins, J. W. W.
 Hopkinson, A. (Lancaster, Mossley)
 Howard-Bury, Lieut.-Colonel C. K.
 Hudson, R. S. (Cumberl'nd, Whiteh'n)
 Hume, Sir G. H.
 Hunter-Weston, Lt.-Gen. Sir Aylmer
 Huntingfield, Lord
 Inskip, Sir Thomas Walker H.
 Jackson, Sir H. (Wandsworth, Cen'l)
 Jacob, A. E.
 James, Lieut.-Colonel Hon. Cuthbert
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kennedy, A. R. (Preston)
 Kidd, J. (Linthgow)
 King, Commodore Henry Douglas
 Kinloch-Cooke, Sir Clement
 Knox, Sir Alfred
 Lamb, J. O.
 Lane Fox, Col. Rt. Hon. George R.
 Lloyd, Cyril E. (Dudley)
 Locker-Lampson, G. (Wood Green)
 Loder, J. de V.
 Long, Major Eric
 Looker, Herbert William
 Lougher, Lewis
 Lucas-Tooth, Sir Hugh Vere

Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, Sir Murdoch (Inverness)
 MacIntyre, Ian
 McLean, Major A.
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 MacRobert, Alexander M.
 Maitland, Sir Arthur D. Steel
 Makins, Brigadier-General E.
 Margeson, Captain D.
 Marriott, Sir J. A. R.
 Mason, Lieut.-Col. Glyn K.
 Moller, R. J.
 Merriman, F. B.
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Morden, Colonel Walter Grant
 Morrison, H. (Wilts, Salisbury)
 Nail, Colonel Sir Joseph
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Newton, Sir D. G. C. (Cambridge)
 Nield, Rt. Hon. Sir Herbert
 Nuttall, Ellis
 Oakley, T.
 Penny, Frederick George
 Percy, Lord Eustace (Hastings)
 Perkins, Colonel E. K.
 Peto, G. (Somerset, Frome)
 Pilcher, G.
 Power, Sir John Cecil
 Pownall, Sir Assheton
 Price, Major C. W. M.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Remer, J. R.
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Roberts, E. H. G. (Flint)
 Roberts, Sir Samuel (Hereford)
 Robinson, Sir T. (Lancs, Stretford)
 Russell, Alexander West (Tynemouth)
 Salmon, Major I.
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sassoon, Sir Phillip Albert Gustave D.
 Shaw, R. G. (Yorks, W.R., Sowerby)
 Sheffield, Sir Berkeley
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Hon. O. F. G. (Westm'land)
 Steel, Major Samuel Strang
 Streatfield, Captain S. R.
 Stuart, Crichton, Lord C.
 Stuart, Hon. J. (Moray and Nairn)
 Styles, Captain H. Walter
 Sueter, Rear-Admiral Murray Fraser
 Sugden, Sir Wilfrid
 Thom, Lt.-Col. J. G. (Dumbarton)

Thompson, Luke (Sunderland)
Thomson, Rt. Hon. Sir W. Mitchell
Tinne, J. A.
Titchfield, Major the Marquess of
Tryon, Rt. Hon. George Clement
Waddington, R.
Waterhouse, Captain Charles
Watson, Sir F. (Pudsey and Otley)
Watts, Dr. T.

Wells, S. R.
Williams, A. M. (Cornwall, Northern)
Williams, Com. C. (Devon, Torquay)
Wilson, Sir C. H. (Leeds, Central)
Wilson, R. R. (Stafford, Lichfield)
Windsor-Clive, Lieut.-Colonel George
Winterton, Rt. Hon. Earl
Wise, Sir Fredric
Wolmer, Viscount

Womersley, W. J.
Wood, E. (Chest'r, Stalyb'ge & Hyde)
Wood, Sir Kingsley (Woolwich, W.)
Wood, Sir S. Hill- (High Peak)
Wragg, Herbert
Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE NOES.—
Mr. F. C. Thomson and Captain Lord
Stanley.

Original Question again proposed.

Resolved, "That the Chancellor do report Progress and ask leave to sit again."—[*Commander Eyres Monsell.*]

Committee report Progress; to sit again To-morrow.

NAVY AND AIR EXPENDITURE, 1925-26.

Considered in Committee.

[Mr. JAMES HOPE in the Chair.]

Resolved:

"Whereas it appears by the Navy Appropriation Account for the year ended the 31st day of March, 1926, and the statement appended thereto, that the aggregate expenditure on Navy Services has not exceeded the aggregate sums appropriated for those Services, and that, as shown in the Schedule hereto appended, the net surplus of the Exchequer Grants for Navy Services over the net expenditure is £495,552 3s. 11d., namely:

	£	s.	d.
Total Surpluses ...	1,401,508	10	4
Total Deficits ...	905,956	6	5
Net Surplus ...	495,552	3	11

And whereas the Lords Commissioners of His Majesty's Treasury have temporarily authorised the application of so much of the said total surpluses on certain Grants for Navy Services as is necessary to make good the said total deficits on other Grants for Navy Services.

1. That the application of such sums be sanctioned."—[*Mr. McNeill.*]

Motion made, and Question proposed,

"Whereas it appears by the Air Appropriation Account for the year ended the 31st day of March 1926, that the aggregate expenditure on Air Services has not exceeded the aggregate sums appropriated for these Services, and that, as shown in the Schedule hereto appended, the net surplus of the Exchequer Grants for Air Services over the net expenditure is £63,007 0s. 9d., namely:

	£	s.	d.
Total Surpluses ...	626,554	18	6
Total Deficits ...	563,547	17	9
Net Surplus ...	63,007	0	9

And whereas the Lords Commissioners of His Majesty's Treasury have temporarily authorised the application of so much of the said total surpluses on certain Grants for Air Services as is necessary to make good the said total deficits on other grants for Air Services.

2. That the application of such sums be sanctioned."—[*Mr. McNeill.*]

Mr. CRAWFORD: One of these Votes has already gone through without challenge, but I think we are entitled to an explanation of what this means. If I understand the Order Paper correctly, we have on the particular Vote under discussion a sum of nearly £250,000 in excess of the estimated gross expenditure. That sum is in connection with works, buildings and land. On the other side of the account we have surpluses among savings in respect of medical services, civil aviation, meteorological and other services. It seems to me that if money is to be saved on these three very valuable services and money is to be under-estimated by £250,000 on works, buildings and land, the Committee is entitled to some explanation as to how these figures come about.

The SECRETARY of STATE for AIR (Sir Samuel Hoare): The big under-expenditure referred to is due to two causes, first of all the slowing down of the expansion programme for the home defence force. The hon. Member will remember the deceleration of that programme resulted in going slower with our building programme, which meant a very substantial diminution of the estimated expenditure. The other reason was mainly connected with the slow progress that was made with the buildings at the Croydon Aerodrome, as the result of circumstances over which we had no control. A road had to be diverted, and there were other things as a result of which we did not spend anything like the amount of money that we expected to spend. As to the other services to which the hon. Gentleman referred, in the case of civil aviation the difference, again, is due to the Croydon programme going so slowly. It was not in any way

[Sir S. Hoare.]

due to the cutting down of subsidies or any of the other encouragements of a civil kind.

Mr. CRAWFURD: I understand the right hon. Gentleman's explanation about the surplus of £90,000 in respect of civil aviation, but the other item to which he was referring just now, namely, "Works, buildings and lands, £230,000," is not a saving but a deficit. In the words of the Vote it is "Over-estimated gross expenditure."

Sir S. HOARE: There was a cut in the programme of works, and, taking the cut into account, there was no substantial deficiency at all. I remember that when I was introducing the Estimates, I said that there had been a cut, and that very probably there would be other expenditure, and I should have to come to the House for a Supplementary Estimate. As a matter of fact, I did not have to do so. In regard to civil aviation, as I have said, there has been no diminution in the grants. With regard to the hon. Gentleman's other question, as to reserves, there we found that our programme for building up reserves did not go as quickly as we expected, for various reasons of detail which I can give the hon. Gentleman if he desires them. The result was that we were not so far advanced with it as we expected to be. Since then, we have made up time, and we are now pretty well ahead with the programme.

Captain GARRO-JONES: I am sorry to ask the right hon. Gentleman questions for which quite excusably, he may not be adequately prepared, but there are one or two items here which I think ought not to be allowed to pass without some explanation. When one finds items such as "Balances, irrecoverable" and "Claims abandoned," one would like to know what are these irrecoverable balances and abandoned claims, and why they have been abandoned or are irrecoverable. This is only a small matter, and I am asking for an explanation as much out of curiosity as for any other reason, because one generally finds that there is a good deal of interest in these little amounts. There is, however, a much larger amount, namely.

"Pay, etc., of the Air Force (surplus of estimated over actual gross expenditure) £184,091 8s. 10d."

That is a substantial amount, and I should like to ask how it has come about. The sum involved is very large, and I think we ought to have some more detailed explanation, if the right hon. Gentleman is in a position to give it.

Sir JOSEPH NALL: When the hon. and gallant Gentleman talks about balances irrecoverable and claims abandoned, is he not rather confusing the matter? Does not that relate, not to the Air Force, but to a fund known as the Lloyd George War Fund?

Mr. CRAWFURD: It is on the Order Paper.

Sir S. HOARE: The figure "Balances Irrecoverable, £3,700" is on a total expenditure of about £20,000,000, and I think, therefore, that the House need not be very suspicious about it. In any case, the Public Accounts Committee have had an opportunity of going into this small item detail by detail. It is a very small figure, a great deal less than

11.0 p.m. has been the case in the past.

As to the question of pay, the general answer is that there again deceleration of the home defence programme has meant that we required fewer men and officers than we expected at the beginning of the year. The programme was only decelerated some time during the course of the year. At the beginning of the year we did not know that it would be slowed down and we estimated for a larger number of officers and men than we subsequently discovered we needed.

Mr. HARDIE: Is any part of these sums in the column showing surpluses from Cardington, where you are supposed to be building a shed to hold a lighter-than-air machine that we cannot get any information about?

Sir S. HOARE: This is the statement of 1925-6. The airship programme then had scarcely begun. There was no substantial surplus or deficiency upon the Cardington Factory that year.

Mr. HARDIE: While that statement is true, it is not true to say money had not been allotted for the purpose. Much has not been done yet though there has been money spent.

Mr. KIRKWOOD: I should like to ask the Minister where Scotland comes in.

The CHAIRMAN: The only matters in Order now are an explanation of why in some cases there has been over-estimating and in others under-estimating, and in consequence, what the surplus has been, and whether that surplus shall be sanctioned by the Committee.

Mr. KIRKWOOD: It is on that very point that I rise. I want to know why Scotland does not come in on the Estimate for the Air Force. We have as much right to be considered as England.

The CHAIRMAN: I am afraid the hon. Member is two years too late. This is as to how certain sums were spent in the year ending 31st March, 1926, and the opportunity for raising questions as to these Estimates was some time in 1925. The only question now is why there has been over-estimating on some heads and under-estimating on others. The policy of the Estimates themselves is not now in question.

Mr. KIRKWOOD: I want to know why Scotland cannot be considered here. There is evidently a deficit on one hand and a surplus on the other. I want to know why Scotland is neglected.

The CHAIRMAN: The hon. Member must raise this point on the Air Estimates for 1927-28, and not on those for the past year.

Question put, and agreed to.

Resolution to be reported To-morrow; Committee to sit again To-morrow.

POST OFFICE (SITES) (RE-COMMITTED) BILL.

Considered in Committee.

[Captain FITZROY in the Chair.]

CLAUSE 1.—(*Power to Acquire Lands.*)

Motion made, and Question proposed,
"That the Clause stand part of the Bill."

The ASSISTANT POSTMASTER-GENERAL (Viscount Wolmer): It will, perhaps, be for the convenience of the Committee if I explain that this Bill, which is merely to enable the Post Office to acquire sites for various telephone exchanges and post offices in different towns at a reasonable price, passed its

Second Reading a few weeks ago unanimously after hon. Members opposite had been satisfied that the Bill was sound. It has since been to a Select Committee which has again reported unanimously in its favour after having made one very small Amendment. I therefore hope the Committee will allow us to obtain the Committee stage to-night.

Mr. AMMON: Will the hon. Gentleman make clear to the Committee exactly what the Amendment was?

Viscount WOLMER: I will. The Amendment is in Clause 2.

Mr. CRAWFORD: I have no doubt the Select Committee went into all the details of the Bill, but this Committee has not done so yet. I do not want to delay the Noble Lord over Clause 1; there may be something more to be said on Clause 2. Can he tell us the exact purpose of Sub-section (2) of Clause 1?

Viscount WOLMER: Yes. The first Sub-section of Clause 1 lays it down that the Postmaster-General shall not enter upon any contract without the sanction of the Treasury. The next Sub-section merely absolves any person with whom he is making a contract from inquiry whether he has got the Treasury's consent or not. If the Postmaster-General was an ordinary private individual, in a fiduciary capacity, and he was making a contract with another party, that party would be bound to inquire as to his title. This Sub-section merely absolves the people with whom we are dealing from doing that which otherwise they would have to do. Everybody knows that the Postmaster-General must have the Treasury's consent.

Question, "That the Clause stand part of the Bill," put and agreed to.

CLAUSE 2.—(*Incorporation of Lands
Clauses Acts.*)

Motion made, and Question proposed,
"That the Clause stand part of the Bill."

Viscount WOLMER: On Clause 2 in respect to a request by the hon. Member for North Camberwell (Mr. Ammon), I would point out that in paragraph (d) the Select Committee increased the final notice that the Postmaster-General may give to persons before entering on their

[Viscount Wolmer.]

land in the case of dwelling houses from 14 to 90 days. As a matter of fact, there are only two dwelling houses affected by this Bill, and the Select Committee, acting on the precedent of last year, thought 14 days not sufficient notice, and have increased it to 90 days. That was the only Amendment made by the Select Committee in the Bill and the Postmaster raised no sort of objection to it. We have always been anxious to give the fullest possible notice to any person whom it was necessary to disturb and also to treat such person in a perfectly fair manner as far as compensation was concerned.

Mr. CRAWFURD: I would like to ask the Noble Lord if he will give a little information about the other paragraphs of Clause 2. Clause 2 deals with the Lands Clauses Consolidation Acts, and their application to land and sites under this Bill. Sub-section (a) deals with provisions under the Lands Clauses Consolidation Act, 1845, relating to the sale of surplus land. The Land Clauses (Consolidation) Act of 1845, in general, has been made the opportunity, for nearly 100 years, for the systematic exploitation of public bodies. Whenever the community has wanted land, it has had to pay up to 20 times the value of the land. The particular provision relating to superfluous land is, I assume, that the authorities who buy the land are not entitled to get land which is not immediately necessary for the purposes they have in mind. I would like to get an assurance that Sub-section (a) abrogates that part of the Land Clauses (Consolidation) Act. In the preamble of this Bill, it is stated that the Post Office require sites in the City of London, in the Metropolitan Borough of Fulham, in the Metropolitan Borough of St. Pancras, in the County Borough of Blackpool, and in the Borough of Cheltenham. Blackpool is a rapidly expanding place, where it is likely the requirements of the Post Office will not remain for many years as they are to-day. We all know that, under the provisions of the Land Clauses (Consolidation) Act, with regard to superfluous land, over and over again a public authority has had to sell out land which it did not require for its immediate purposes; but, later on, when the purpose

became urgent, the land has had to be bought back at an enormously enhanced price. The second question is: Over and over again, by special Acts of Parliament promoted by local authorities or other public bodies, certain exceptions have been made in the application of the Land Clauses (Consolidation) Act. I am referring particularly to those which enable a part of the purchase price to be obtained by levying an improvement rate. When the nation, apart from the local authority, requires land for national purposes, it may or may not increase the value of surrounding land, and that bonus, which is given by the nation to the landowner, should be recoverable by the imposition of an improvement rate. I should like to know whether the provisions of that Act, dealing with what is called the payment of sums of money for "injurious affection," are being used or not. In other words, what are the exact modifications of the Land Clauses (Consolidation) Act contained in Clause 2, and has every possible use been made of precedent in the way of exceptions so that this land may be had by the Government under the most favourable conditions of sale and purchase?

Viscount WOLMER: I am glad to be able to give the hon. Gentleman that assurance. We are using the Land Clauses Acts in their entirety in this matter. The only exceptions are the two exceptions mentioned in sub-Clause (a), which are not applicable to the Post Office. The first one, in regard to the superfluous land, is exactly as the hon. Gentleman has stated; it relieves the Postmaster-General from the obligation of selling again the land which is not being immediately used. The second exception, in regard to Section 133 of the Land Clauses (Consolidation) Act, refers to the Land Tax. The Crown does not pay Land Tax, and that Section is not applicable. Otherwise the whole of the Clauses of the Act are applicable to this Clause.

Question, "That the Clause stand part of the Bill," put, and agreed to.

CLAUSE 3.—(*Compensation in case of recently altered buildings.*)

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Captain GARRO-JONES: This Clause is another example of the Post Office as a bad landlord. It says:

"In determining any question of disputed compensation under this Act no allowance shall be made on account of any improvement."

in certain contingencies. On the Third Reading I intend to oppose the Bill on the ground that the Post Office has no business to be purchasing land. It is high time that all the organisations for the purchase of land for the Crown were co-ordinated. We find that there are 12 Government Departments who have the right to purchase land. They make bad buyers of land. Where they are tenants they are bad tenants, and where they are landlords they are bad landlords. Clause 3 is a retrogressive Clause, which goes against the trend of modern leasehold legislation. It provides that in certain contingencies, if improvements have been made, no compensation shall be payable by the Post Office. What is the justification for that? Is not the ordinary law of leasehold sufficiently adverse to tenants as it is, without giving further powers to the Crown as landlord? If this Clause cannot be justified, it ought to be rejected.

Viscount WOLMER: If the hon. and gallant Member had been here on the Second Reading—

Captain GARRO-JONES: I was.

Viscount WOLMER: If the hon. Member had listened, if he was here, he would have heard the justification for the Clause. It does not raise any issues of landlord and tenant. The hon. and gallant Member says that the purchase of land ought to be co-ordinated. It is co-ordinated. The Office of Works does all the purchases on behalf of the Post Office and the other Government Departments. I agree with the hon. Member that it would be a very bad plan if it were arranged otherwise, as there might be two Government Departments competing against each other for the same site. The point which the hon. Member raises is very simple. On the 20th day of November, 1926, the Postmaster-General, as he is required to do by law, served notice on all the persons interested in the sites which he proposes to acquire by this Bill. Notice was served on these persons, both landlords and

tenants, and they were given opportunities of raising any objections before the Commissioners on Public Bills that they might have to make. This Clause merely says that when we have to pay compensation we shall not be required to pay compensation for any improvements to the property made after that date, unless the person who has made the improvements can prove that they were necessary for the upkeep of the premises. But for this Clause it would be possible for any person who has had a notice served upon him to engage in expensive work, and then require the Postmaster-General to compensate him.

Question, "That the Clause stand part of the Bill," put, and agreed to.

CLAUSE 4.—(*Power to enter lands for purpose of surveying.*)

Motion made, and Question proposed, "That the Clause stand part of the Bill."

Captain GARRO-JONES: The Noble Lord told us that the Office of Works was empowered to conduct all these land transactions on behalf of the Postmaster-General. I should like to have a little light thrown on that arrangement, because there have been cases where Government Departments have been competing in the market for the same land. Clause 4 provides that the Postmaster-General, or any person acting on his behalf, may at all reasonable times in the day time, after giving 24 hours' notice, enter any of the lands for the purpose of surveying or valuing the lands. I do not think a 24 hours' notice is long enough. But that is a minor point compared with the question as to the arrangement which the Post Office and other Departments have under which the Office of Works undertakes all the purchases of land. Is it a statutory or an administrative arrangement; and if it is an administrative arrangement, what guarantee has this House that it will always be adhered to? If it is not a statutory arrangement, it would be a good thing if it was so made.

Viscount WOLMER: The answer to the first point of the hon. and gallant Member is that this is the common form, and it merely gives the Post Office power to enter on the premises in order to survey them for plans. If the Post Office is to acquire premises compulsorily, and have

[Viscount Wolmer.]
to make our plans in regard to the buildings we are going to erect upon them, it would not be reasonable that the occupants should be able to restrain our architects from taking measurements. These powers have always been conferred and have never been abused in any single case. In reply to his second point, the guarantee is the vigilance of hon. Members like the hon. and gallant Member himself, will ensure that all Government Departments carry out their affairs in a business-like manner.

Question, "That the Clause stand part of the Bill," put; and agreed to.

Clauses 5 (*Power to erect buildings and form roads*), 6 (*Power to make agreements with local authorities*), 7 (*Correction of errors in deposited plans or books of reference*), 8 (*Stopping up passageways and extinction of rights of laying pipes, etc.*), 9 (*As to taking parts of certain properties*), 10 (*Land tax*), 11 (*Power to erect buildings on land at Leicester*), and 12 (*Short title and interpretation*), ordered to stand part of the Bill.

FIRST SCHEDULE.—(*Passageways in the City of London which may be stopped up by the Postmaster-General.*)

Motion made, and Question proposed,
"That this be the First Schedule to the Bill."

Mr. ERNEST BROWN: I should like to know something about the stopping of these passageways. Lovers of old London may like to know that the old passageway from Houndsditch to Phil's Buildings is to be stopped. The hon. Member for Argyllshire (Mr. Macquisten) if he was in the House now would be interested to learn that so much of the passageway known as Borer's Passage, as would lie on the south-west side of a straight line drawn from the north-east corner of No. 1, Borer's Passage to the north-west corner of No. 2, Borer's Passage, is to be stopped, and members of the Committee might like to take a last walk along these old bits of London. I should like to know whether any objections have been taken by any persons who are interested in these passageways.

Viscount WOLMER: The Select Committee agreed with the Post Office on this point, and there is no objection in any quarter. These passages, as a matter of fact, are part of a very dilapidated slum, and the amenities of London will be improved by building upon them.

First Schedule agreed to.

Second Schedule.—(*Properties of which portions may be taken by the Postmaster-General*), agreed to.

Bill reported without Amendment to the House; read the Third time, and passed.

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[For continuation of Proceedings, see Official Report, Tuesday, 12th July.]

HOUSE OF COMMONS.

Monday, 11th July, 1927.

[OFFICIAL REPORT.]

[Continuation of Official Report, from
Col. 1910, Monday, 11th July, 1927.]

ROYAL NAVAL RESERVE BILL.

Not amended (*in the Standing Committee*) considered.

CLAUSE 1.—(*Amendment of 22 and 23
Vict., c. 40.*)

Mr. DEPUTY-SPEAKER (Captain FitzRoy): I have been handed some manuscript Amendments. It is rather irregular to hand in Amendments at the last moment without giving notice. The first two Amendments are out of order, because they would impose a charge. The third Amendment is in order, Mr. Stephen.

Mr. STEPHEN: On a point of Order. I was not aware that this business was to be taken to-night, and consequently I did not put in my Amendments earlier. I did not know that a Motion had been put down for the suspension of the Eleven O'clock Rule. With regard to the first Amendment, I submit that it does not impose a charge.

Mr. DEPUTY-SPEAKER: The Clause puts a limitation on the amount of the charge and the hon. Member proposes to remove it. In effect, the Amendment would obviously impose a charge over and above what is mentioned in the Bill. The second Amendment would have the same effect. I call upon the hon. Member to move his third Amendment.

Mr. STEPHEN: In regard to the second Amendment, I would submit that it is not imposing a new charge upon the Treasury, but simply retaining the charge that there is now.

Mr. DEPUTY-SPEAKER: The Bill repeals a certain charge that is at present imposed. The hon. Member suggests putting it back again, which would obviously increase the charge. I call upon the hon. Member to move his third Amendment.

Mr. STEPHEN: I beg to move, in page 2, line 4, to leave out Sub-section (3).

The Sub-section states:

"In section three of the principal Act, for the words 'twenty-eight days' there shall be substituted the words 'ninety-two days' as the maximum period of instruction, training and exercise in any one year."

Under the Act of 1859, by which the Reserve was set up, certain conditions were laid down for those entering the Reserve. This Bill proposes to make the position of members of the Reserve less favourable than it has been in the past. It imposes a reduction of pay and more onerous conditions of service. They may be called up for 92 days' training instead of 28. That proposal requires a great deal of explanation, and the Minister has a "hefty" task before him, if he is going to persuade the House to reduce the pay of the Reserve and increase the period of training. What is the purpose of the proposal? We have just had a Debate, in which the need for disarmament has been spoken of on all sides. We are now proposing to extend the period of training to which these people may have to submit at any time without the consent of Parliament. Under Section 4 of the Act of 1859 an order may be made without the consent of Parliament, if Parliament is not sitting. The position should be allowed to remain as it is. If the period of 28 days' training is not regarded as sufficient under modern conditions, it is the business of the Government to draw up a new scheme which will give these men a proper understanding of where they are, instead of fiddling about in this way with an old Act of 1859. I hope as a result of the raising of the matter in the House, the reservists will be informed as to their position and the meaning of the conditions imposed on them.

Mr. HARDIE: I beg to second the Amendment. I should like to know if the Parliamentary Secretary to the Admiralty looks upon the 28 days' training as a sort of holiday which he is trying to extend. What is the point of view of the Admiralty, and why do they, in this matter, distinguish between one section and another? There must be a reason for departing from the 28 days arrangement. Is it because of health considerations and because these men come from over-crowded slum areas or badly ventilated

[Mr. Hardie.] workshops? Or is it because the Admiralty regard war as being nearer than most people think? If you want to make a start in letting loose the hounds of war, one way of doing so is to—

Sir COOPER RAWSON: The dogs of war.

Mr. HARDIE: No, the hounds of war—"the hounds of hell hunting over the rocks of damnation." I am sorry to have to correct the quotations of the hon. Gentleman opposite, who belongs to a country to which I do not belong. Are we to understand from the increase in the number of these days that it is necessary in order to make the men more fit in training? Is it meant that you find their physical condition is such that you must increase the time to enable them to carry out the drill, or is malnutrition so rampant among these recruits that you have to extend the days to bring them up to the strength of carrying what they have to carry on their drill? When you extend the days in this way, you are also, I presume, extending the expense. What is the amount that is going to be involved as an extra?

Mr. ERNEST BROWN: I do not agree with the hon. Member for Springburn (Mr. Hardie) when he spoke about malnutrition. This Bill will affect one of the finest bodies of men in the British Isles, who do not generally live in great cities like Glasgow, but are mostly found round small fishing villages and towns on the coast, and I take it that this Clause is to increase their period of training, in which case I dare say many of them will be glad to see it, because unemployment is rampant in the fishing industry, and the closing of the Russian market has made a great deal of difference on the East Coast. I could not see my way to vote against this Clause, but I think this body of men are entitled to an explanation from the Minister as to what the Clause means.

Mr. WOMERSLEY: I represent, I should think, as large a body of Naval Reserve men as any hon. Member in this House, and I should like to point out to the hon. Member for Springburn (Mr. Hardie) and to supplement the remarks of the hon. Member for Leith (Mr. E. Brown), that there is no such thing as malnutrition, at any rate, among the

Grimsby Naval Reserve men. We know how to feed our men, and they do not go up for training either to have a holiday or to get fed. I should like to express the hope to the Parliamentary Secretary to the Admiralty that he will deal fully with the point raised by the hon. Member for Camlachie (Mr. Stephen) as to the question of reduced pay. When this Bill was before the House on Second Reading, it was fully discussed, and we were assured, to the best of my recollection, that this extension of the period of 28 days was only in the case of certain engine-room ratings who had to have special technical instruction. As far as the ordinary seamen, skippers and mates were concerned, they were to be called up for 28 days as before, there was to be no alteration as regards them. It was on that assurance that I and other Members interested voted for the Second Reading. We did not hear anything at that time as to any reduction of pay, and if there is to be a reduction of pay for these men I cannot vote for the Third Reading, because, speaking from my own knowledge, they certainly deserve every penny they get. If there is to be a change they ought to have an increase rather than a decrease.

Commander WILLIAMS: With regard to the raising of the period from 28 days to 92 days, we were assured in the Committee that this referred only to a certain selected class, a very highly-trained class, of skilled engineers. That assurance we naturally accept, but at the same time I think it is a pity it could not have been made clearer in the Bill that it was intended to affect only one particular section, because it is going to be a handicap in getting reserves if a maximum of 92 days' service is provided for. A man who is in regular employment may be able to get away for the shorter period, but could not possibly obtain leave for the longer period. The man may be quite competent, quite skilled and merely want a technical training at sea under discipline. I would like to make it quite clear that many of us view this particular Sub-section as a little distant. We fully accept the assurance which was given to us by the hon. and gallant Gentleman, but we would like him to go a little farther than he went on the last occasion, and tell us exactly what it does, because in affecting naval reserves it affects the

most important part of the reserves of the Navy, a part which in the past has proved to be of immense value.

Mr. R. RICHARDSON: The hon. and gallant Member for Torquay (Commander Williams) has practically covered the points that I was proposing to put to the House. The hon. Member for Leith (Mr. Brown) can see only one side to this question, but there is another side. Many of these men, by dint of hard work, have raised themselves into good positions, and their chances of getting still better positions will be prejudiced if they are to be liable to serve 92 days. Employers will not be ready to engage a man with that liability attaching to him if they can secure another man. The hon. Member for Grimsby (Mr. Womersley) claimed to represent more of these men than any other hon. Member. I do not know that I represent very many, but I do represent some, and I am told they feel they will be prejudiced by this provision.

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): I feel that the hon. Member who brought forward this Amendment at the last possible moment would have saved himself a good deal of trouble and us a considerable amount of time had he taken a little more interest in this Bill in its earlier stages, because it is perfectly new to me to be told that there is the slightest interest whatsoever of reducing the pay of these particular men. That does not come into the purview of the Bill at all.

Mr. STEPHEN: What about Sub-section (2)?

Lieut.-Colonel HEADLAM: Sub-section (2) is a question of the bounty. It is merely an alteration in the terms of the bounty in certain eventualities.

Mr. STEPHEN: A reduction.

Lieut.-Colonel HEADLAM: It might be a reduction or it might not, but it most certainly does not affect the pay of the men in any respect whatsoever. I make that statement to the House, and I hope it will satisfy the hon. Member. With regard to the actual number of days' training laid down, as I said on the Second Reading, the Bill merely puts into legal form the existing practice. The number of days' service laid down

is already in existence, and there have been no complaints. The Admiralty think it is necessary to introduce this legislation in order to legalise the existing practice. I repeat that there is no intention whatever of extending the length of training except for certain classes of men, such as engineers, who cannot possibly learn their duties properly in 28 days. It is not our intention that this Bill should be considered as a preparation for war, and I cannot understand why such an absurd suggestion should have been made. This Measure merely provides that the men who are being trained as volunteers for the Navy shall have sufficient time to learn their duties. There has been no difficulty, so far as I know, in getting recruits, and I am satisfied that if the Bill passes, it can only do good, and cannot possibly do any harm to a single individual.

Mr. AMMON: The hon. Member for Camlachie (Mr. Stephen) referred to the difficulty involved in the administration of Sub-section (2).

Mr. DEPUTY-SPEAKER: We are now discussing an Amendment to leave out Sub-section (3).

Mr. AMMON: I was going to refer to a possible reduction in the remuneration of these men.

Mr. DEPUTY-SPEAKER: I know that subject was mentioned by the hon. Member for Camlachie, but it was out of order.

Mr. T. WILLIAMS: We have been told that the intention of this Bill is merely to legalise the existing practice. The inference from that is that for a long period it has been the custom to train these men for a certain number of days in an illegal manner, and now the Admiralty consider it to be wise to legalise that particular number of days. I wonder how long it will be before the Admiralty will decide again to increase the number of days. They have doubled the number of days' training in the past without legal authority, and there is no earthly reason why they should not double the number of days in the future. I should like to know if there is the slightest intention of a further extension of the number of days. It may be true that no complaints

[Mr. T. Williams.]

have been received officially, but unofficially there have been many complaints against the number of days which the Reserves are called upon to serve. I travelled in the train not many weeks ago with a man who had completed his period of service. He had been at home just a month, when he was called back to serve again. The man had to travel from Liverpool to Devonshire, and consequently his hopes will be destroyed by a long time. The Noble Lord seems to regard this as a rather humorous incident. It may be humorous to a person like himself who has never had to work for his living, but it is not humorous to one who has to work for his livelihood. It is a very serious matter to a man to be called away from his work after finding suitable work. Is it the intention of the Admiralty at any future date to further extend the number of days that reserve men are likely to be called upon to serve?

Lieut.-Colonel HEADLAM: No, it is not the intention to extend the period any longer. Possibly the gentleman with whom the hon. Member travelled for so long a distance was a new recruit. It was probably his first year, and the first year is always a rather longer period for everybody. They all serve more in the first year. The hon. Member need be under no fear that we would propose a further extension of the period.

Mr. HARDIE: As you said these men were all efficient as engineers, how is it that you propose to extend the number of days for them?

Lieut.-Colonel HEADLAM: I did not say that. I said it was to make them efficient.

Question put, "That the words proposed to be left out stand part of the Bill."

Mr. C. STEPHEN: I claim a division upon this Amendment.

The House proceeded to a Division.

Mr. Deputy Speaker stated that he thought the Ayes had it; and, on his decision being challenged, it appeared to him that the Division was unnecessarily claimed, and he accordingly called upon the Members who supported and who challenged his decision successively to rise in their places, and he declared the Ayes had it, eleven Members only who challenged his decision having stood up.

Motion made, and Question proposed, "That the Bill be now read the Third time."

Mr. STEPHEN: I am very much disappointed at the position taken up by the hon. and gallant Gentleman in charge of this Bill to-night. I am very sorry he thought I treated him with discourtesy or lack of care in not putting down my Amendments earlier, but I thought I explained that I did not know that the Eleven o'Clock Rule was to be suspended, and he considered it a very small Measure. I consider it a very important Measure, and I certainly do not intend to let the Third Reading go without making some points. In the first place, I want to say that I think it is a very mean, pettifogging business that the Admiralty, in dealing with these men, have put in this £5 limit as to the amount of money that should be paid. I have been long enough in this House to find that the Admiralty, when they have been asked to treat, possibly, the widow of a sailor in a generous fashion, plead that they have not the power under the Statutes and Regulations, and I do not see why these men, who have been referred to as such a fine body of men, should have this £5 limit put upon what the Admiralty may give them for their services. I think it is a great shame that men in this position, who may be called upon to serve in the defence of their country, should be dealt with in this mean, pettifogging way.

I want also to say a word with regard to Sub-section (2) of Clause 1. The hon. and gallant Gentleman has repeated that there is no reduction in the wages of these men. It is quite true that, while these men are in training for 28 days, Sub-section (2) of Clause 1 will not affect them; but if we have another great war, and if the war extends to more than three years—and to my mind these two hypotheses are not altogether unlikely, with the present people in control of the government of the country—those men may be called upon to serve for more than three years, and, when they are so called upon, this Sub-section does certainly mean a reduction in the rate of pay that they will obtain. I do not think the hon. and gallant Gentleman can question that the position is as I have stated it, and that in such an event their pay would be reduced owing to the repeal of these words in the Act of 1859. It

may seem a small thing for hon. Members of this House to put these men into this position. I noticed that there was a disposition to treat as a matter of no importance the Amendment that was moved. We have had an assurance from

the Minister that only a very small section will be affected by it, but you are putting the whole of the Naval Reserve into this position, and though the hon. Gentleman may say it is only going to be applied to this small section, the statutory power is here being given to the Government to apply it to every member of the Reserve. While this Government may say they are not going to apply it without any more legislation, a future Government may have all these men undergoing a training service of 92 days.

I should like to ask if the Bill is going to be retrospective in its action. We are told this is simply legalising a practice that takes place at present, but I should like the hon. and gallant Gentleman to tell us more about this practice. Unless there is a statute, I take it men cannot be compelled to give 92 days' service and I should like to ask if that is the case. If the Bill passes, are the men now in the Naval Reserve to have the option of leaving it if they do not wish to under this new statutory obligation? It is intolerable at this late hour of the night that we should allow a thing like this to pass without being perfectly clear with regard to the rights of the men. If the hon. and gallant Gentleman's answer is satisfactory, I may not think it necessary to divide the House, but, if it is unsatisfactory, I shall divide against the Third Reading.

Mr. WOMERSLEY: I have had quite a number of letters from Naval Reservists in my constituency who are very anxious to have an explanation as to what Clause 1 (1) means. It says that if a man is brought up for actual service he shall, if medically fit, be entitled to receive such sum, not exceeding £5 as the Admiralty may appoint, unless he was liable to be called into actual service in pursuance of that Order at the time of

his enlistment. It is on the latter portion that I want an explanation, as to what type of man that really applies to.

Lieut.-Colonel HEADLAM: I will give an answer to my hon. Friend's question first. It is a very simple point. The last two lines in the Sub-section which my hon. Friend quotes, refer to men who enter the Reserve after mobilisation as opposed to men who enter on demobilisation. If men join the Reserve after demobilisation, they are not entitled to the bounty. It only applies to men who actually belong to the Reserve on mobilisation. I do not know whether I have made it clear to my hon. Friend. With regard to the other matters raised by the hon. Member for Camlachie (Mr. Stephen), I think he is again labouring under a delusion in regard to this question of finance. In the first place, this Bill gives a bounty to a class of Reservists who never received it before. In that respect it is a great deal better than the present practice. It is only a matter of calculation. I would not pit my mathematical ability against that of the hon. Member opposite, but it strikes me that in nine cases out of ten the Reservist would have a distinct advantage by getting this bounty of £5 on mobilisation rather than waiting for three years before he drew twopence a day. From the views that have been expressed this afternoon, it looks as if the next war would be shorter than the last, and they might not get their twopence a day at all. Finally, with regard to the question as to the position of men on the Reserve. They are all engaged under the existing Regulations, which extend back to 1921. These Regulations bind them for terms of five years. They must do the training laid down in the Regulations which I have already mentioned. After the five years are over they need not re-engage. I do not expect the men will view their position in quite so lugubrious a light as the hon. Member opposite.

Question put, "That the Bill be now read the Third time."

The House divided: Ayes, 129; Noes, 14.

Division No. 258.]

AYES.

[12.10 a.m.]

Aceland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Allen, J. Sandeman (L'pool, W. Derby)
Amery, Rt. Hon. Leopold C. M. S.

Balfour, George (Hampstead)
Beamish, Rear-Admiral T. P. H.
Betterton, Henry B.
Boothby, R. J. G.

Bourne, Captain Robert Croft
Brathwaite, Major A. N.
Brass, Captain W.
Briscoe, Richard George

Brittain, Sir Harry
 Brocklebank, C. E. R.
 Brown, Ernest (Leith)
 Brown, Brig.-Gen. H.C. (Berks, Newb'y)
 Buchan, John
 Bullock, Captain M.
 Cecil, Rt. Hon. Sir Evelyn (Aston)
 Chadwick, Sir Robert Burton
 Christie, J. A.
 Cobb, Sir Cyril
 Cochrane, Commander Hon. A. D.
 Cope, Major William
 Courtauld, Major J. S.
 Courthope, Colonel Sir G. L.
 Craig, Sir Ernest (Chester, Crewe)
 Crawford, H. E.
 Crooke, J. Smedley (Deritend)
 Crookshank, Cpt. H. (Lindsey, Gainsbro)
 Curzon, Captain Viscount
 Dawson, Sir Philip
 Ellis, R. G.
 Fanshawe, Captain G. D.
 Foxcroft, Captain C. T.
 Fraser, Captain Ian
 Galbraith, J. F. W.
 Ganzoni, Sir John
 Gibbs, Col. Rt. Hon. George Abraham
 Goff, Sir Park
 Gower, Sir Robert
 Grace, John
 Graham, Fergus (Cumberland, N.)
 Grotrian, H. Brent
 Gunston, Captain D. W.
 Hannon, Patrick Joseph Henry
 Harmsworth, Hon. E. C. (Kent)
 Harrison, G. J. C.
 Harvey, G. (Lambeth, Kennington)
 Headlam, Lieut.-Colonel C. M.
 Henderson, Capt. R. R. (Oxf'd, Henley)
 Henn, Sir Sydney H.

Hennessy, Major Sir G. R. J.
 Hogg, Rt. Hon. Sir O. (St. Marylebone)
 Hopkins, J. W. W.
 Huntingfield, Lord
 Inskip, Sir Thomas Walker H.
 Jacob, A. E.
 Jephcott, A. R.
 Jones, G. W. H. (Stoke Newington)
 Kidd, J. (Linthgow)
 King, Commodore Henry Douglas
 Lamb, J. O.
 Lane Fox, Col. Rt. Hon. George R.
 Lloyd, Cyril E. (Dudley)
 Loder, J. de V.
 Long, Major Eric
 Luce, Maj.-Gen. Sir Richard Harman
 Lumley, L. R.
 MacAndrew Major Charles Glen
 Macdonald, Capt. P. D. (I. of W.)
 MacIntyre, Ian
 McLean, Major A.
 McNeill, Rt. Hon. Ronald John
 MacRobert, Alexander M.
 Margesson, Captain D.
 Marriott, Sir J. A. R.
 Mason, Lieut.-Col. Glyn K.
 Milne, J. S. Wardlaw
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Sir Newton J.
 Nall, Colonel Sir Joseph
 Nelson, Sir Frank
 Neville, Sir Reginald J.
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, O. (Westminster)
 Percy, Lord Eustace (Hastings)
 Peto, G. (Somerset, Frome)
 Power, Sir John Cecil
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper

Remer, J. R.
 Roberts, Sir Samuel (Hereford)
 Russell, Alexander West (Tynemouth)
 Sandeman, N. Stewart
 Sanders, Sir Robert A.
 Sandon, Lord
 Sassoon, Sir Philip Albert Gustave D.
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lord (Fylde)
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Stanley, Hon. O. F. G. (Westmead)
 Streetfield, Captain S. R.
 Stuart, Hon. J. (Moray and Nairn)
 Stuart, Crichton, Lord C.
 Styles, Captain H. Walter
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell
 Tinne, J. A.
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Waterhouse, Captain Charles
 Watts, Dr. T.
 Wells, S. R.
 Williams, Com. C. (Devon, Torquay)
 Williams, Herbert G. (Reading)
 Wilson, Sir C. H. (Leeds, Central)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Winterton, Rt. Hon. Earl
 Wise, Sir Fredric
 Wolmer, Viscount
 Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.)
 Wragg, Herbert
 Young, Rt. Hon. Sir Hilton (Norwich)

TELLERS FOR THE AYES.—
 Captain Bowyer and Mr. Penny.

NOES.

Batey, Joseph
 Edwards, C. (Monmouth, Bedwellty)
 Garro-Jones, Captain G. M.
 Graham, D. M. (Lanark, Hamilton)
 Hayes, John Henry
 Henderson, T. (Glasgow)

Hudson, J. H. (Huddersfield)
 Johnston, Thomas (Dundee)
 Parkinson, John Allen (Wigan)
 Potts, John S.
 Smith, Ben (Bermondsey, Rotherhithe)
 Tinker, John Joseph

Watson, W. M. (Dunfermline)
 Whiteley, W.

TELLERS FOR THE NOES.—
 Mr. Stephen and Mr. Kirkwood.

Bill accordingly read the Third time, and passed.

GAS REGULATION ACT, 1920.

Resolved,

"That the draft of a Special Order proposed to be made by the Board of Trade under Section 10 of The Gas Regulation Act, 1920, on the application of the South Suburban Gas Company, which was presented on the 17th June and published, be approved."—[Sir B. Chadwick.]

FELTWELL FUEL ALLOTMENT BILL.

Order for Consideration in Committee read.

HON. MEMBERS: "Object!"

Lieut.-Colonel SPENDER-CLAY: May I appeal to hon. Members to withdraw

their objections and allow the Bill to proceed? It is a non-contentious Measure. Its purpose is to help poor people in the district.

Mr. KIRKWOOD: We will agree. Perhaps when we want something hon. Members opposite will support us.

Considered in Committee and reported, without Amendment; read the Third time, and passed.

The remaining Orders were read, and postponed.

It being after half-past Eleven of the Clock upon Monday evening, Mr. DEPUTY-SPEAKER adjourned the House, without Question put, pursuant to the Standing Order.

Adjourned at Twenty-two Minutes after Twelve o'Clock.

HOUSE OF COMMONS.

Tuesday, 12th July, 1927.

[OFFICIAL REPORT.]

The House met at a Quarter before Three of the Clock, Mr. SPEAKER in the Chair.

PRIVATE BUSINESS.

CROYDON CORPORATION BILL
[Lords].

Reported, with Amendments, from the Local Legislation Committee (Section B); Report to lie upon the Table, and to be printed.

LIVERPOOL CORPORATION BILL
[Lords] (by Order).

Consideration, as amended, deferred till To-morrow.

PROVISIONAL ORDER BILLS.

Mr. BUCHANAN: With reference to the Airdrie Burgh Extension Order Confirmation Bill, I desire to object to it if it is presented.

Mr. SPEAKER: The hon. Member cannot object now. He can object at a later stage.

AIRDRIE BURGH EXTENSION, ETC., ORDER
CONFIRMATION BILL,

"to confirm a Provisional Order under the Private Legislation Procedure (Scotland) Act, 1899, relating to Airdrie Burgh Extension, etc., presented by Secretary Sir JOHN GILMOUR; and ordered (under Section 7 of the Act) to be considered To-morrow.

GLASGOW CORPORATION ORDER CONFIRMATION BILL,

"to confirm a Provisional Order under the Private Legislation Procedure (Scotland) Act, 1899, relating to Glasgow Corporation," presented by Secretary Sir JOHN GILMOUR; read the First time; and ordered (under Section 9 of the Act) to be read a Second time upon Wednesday, 20th July, and to be printed. [Bill 170.]

NATIONAL DEBT.

Return ordered,

"showing for the financial years commencing the 1st day of April, 1880, the 1st day of April, 1890, the 1st day of April, 1900, and for each financial year thereafter,—

(1) The total amount of dead-weight Debt outstanding on the 1st day of April; the amounts which were made available in each year to 1926-27, inclusive, for reduction of Debt, distinguishing the sums expressly provided for service of the Debt, the Old Sinking Fund, and miscellaneous receipts; the gross amount of Debt redeemed; the amount of Debt created; and the net increase or decrease of Debt in the year;

(2) A similar Statement in respect of other capital liabilities;

(3) A similar Statement in respect of the aggregate gross liabilities of the State (in continuation of Parliamentary Paper, No. 107, of Session 1926)."—(*Mr. McNeill.*)

PARLIAMENT ACT (CERTIFICATE
OF MONEY BILLS).

Return ordered,

"containing a list of the Bills which have been certified by Mr. Speaker or his predecessor as Money Bills under the Parliament Act, and a list of the Finance Bills passed by the House of Commons since the coming into operation of the Parliament Act which have not been so certified."—(*Mr. E. Brown for Sir J. Simon.*)

ORAL ANSWERS TO QUESTIONS.

TRADE AND COMMERCE.

TIMBER (IMPORTS).

1. **Sir ROBERT THOMAS** asked the President of the Board of Trade what proportion of the timber imported into this country comes from Empire sources; and whether the afforestation schemes of the Dominion Governments are such as to encourage an increase in that proportion?

The UNDER-SECRETARY of STATE for the COLONIES (**Mr. Ormsby-Gore**): I have been asked to reply to this question. The percentage of timber imported into this country from Empire sources is (on the basis of value) 28·6 per cent. in the case of hard woods, and 5·7 per cent. in the case of soft woods; or 10·4 per cent. in all. With reference to the second part of the hon. Member's ques-

[Mr. Ormsby-Gore.]
tion, Government afforestation schemes provide for the planting of approximately 20,000 acres and 10,000 acres per annum in New Zealand and the Union of South Africa, respectively, while, in addition, considerable areas in these Dominions are being planted by private enterprise. The object of these afforestation schemes is to make these Dominions independent of timber imports, and it is clear that until this is accomplished they will not increase the proportion of Empire timber imported into this country.

Sir R. THOMAS: Is the hon. Member aware that the merchants in South Africa import many thousands of pounds worth of timber from the Baltic; and are schemes in operation to grow timber suitable for building purposes in South Africa?

Sir WILLIAM LANE MITCHELL: Is not South Africa a self-governing Dominion, and can look after its own timber?

Mr. ORMSBY-GORE: South Africa, of course, is a self-governing Dominion, but this is a question of fact, and the answer to it is that South Africa has a Government planting scheme.

Colonel DAY: Is it the case that this country has imported considerably more timber from the Colonies this year than last year?

Mr. ORMSBY-GORE: I should like to have notice of figures, but I think that is the case in regard to particular hard woods.

Mr. MONTAGUE: Is it not the fact that Government afforestation schemes in India have been remarkably successful?

Mr. ORMSBY-GORE: It is not a question of planting; it is wholly a question of management, and the Indian Forest Service has a scientific record in that respect second to no other country in the world.

CHINA.

3. Lieut.-Commander KENWORTHY asked the President of the Board of Trade what are the last monthly figures he has for the China trade, not including the trade of Hong Kong; and how this figure compares with the corresponding month last year?

The PRESIDENT of the BOARD of TRADE (Sir Philip Cunliffe-Lister): The answer contains a table of figures, and perhaps the hon. and gallant Member will not object to my circulating it in the OFFICIAL REPORT.

Following are the figures:

The following statement shows the value of the imports into and exports from the United Kingdom consigned from or to China (excluding Hong Kong, Macao and leased territories) in May, 1927, and the corresponding monthly averages for the second quarter of 1926:

April-June, 1926.

Monthly average. May, 1927.

	£	£
Imports ...	724,304	732,314
Exports ...	1,182,394	576,622
Re-exports	16,715	11,114

Lieut.-Commander KENWORTHY: I only want the total value of the imports and exports of trade, and, if the right hon. Gentleman has not those two figures, I need not trouble him.

Sir P. CUNLIFFE-LISTER: There are six sets of figures, which, I think, it is more convenient to set out.

PORTUGUESE PORTS (FOREIGN SHIPS).

5. Mr. LUMLEY asked the President of the Board of Trade whether, since the protests of His Majesty's Government to the Portuguese Government about their flag discrimination decree have met with no response, he will propose measures of retaliation, as this decree will seriously affect employment in this country?

Sir P. CUNLIFFE-LISTER: His Majesty's Government have been in communication with the Governments of other maritime Powers concerned with regard to the discrimination practised against foreign ships in Portuguese ports, and in January last joined with them in representations to the Portuguese Government on the subject. In the following month, His Majesty's Government and other Governments concerned communicated again with the Portuguese Government, protesting against a further decree which proposed to increase the discrimination against foreign ships. The Portuguese Government cancelled the greater part of their later decree, but have not acceded to the representa-

tions of January last. His Majesty's Government are proposing that the Powers concerned should renew their representations.

SCOTLAND.

TOWARD LIGHTHOUSE (NORMAN SHAW).

2. **Mr. MACQUISTEN** asked the President of the Board of Trade whether he is aware that Norman Shaw, assistant keeper, Toward Lighthouse, Argyll, who has been in the employment of the Lighthouse Commissioners for 10 years, has been dismissed from his employment because he refused to accept instruction in the use of the wireless installation on the Sabbath Day, although he offered to accept instruction on any week-day, and also offered to attend to any emergency call on the Sabbath Day once he was instructed; that he has been told to vacate his house on the 15th of this month; and will steps be taken to see that this decision is forthwith rescinded?

Sir P. CUNLIFFE-LISTER: I communicated my hon. Friend's question to the Clyde Lighthouse Trustees, who are the authority responsible, and I have received from them the following reply:

"On Sunday, 1st May, the wireless installation between Toward and Cumbrae Lighthouses was being tested; by the afternoon the principal keeper was exhausted with the work, and Shaw was asked to take his place, and refused on ground that this work was unnecessary on Sunday. The matter was reported to a meeting of the Trust, who gave Shaw an opportunity of withdrawing from the position he had taken up, which he refused to do, and his services have been dispensed with. His house is required on 15th instant for his successor."

The Clyde Lighthouse Trustees are an independent statutory authority over which the Board of Trade have no control.

Mr. MACQUISTEN: Am I to understand that this man was called before the Board and told to apologise or be dismissed because he refused to disobey the dictates of his conscience; that the Clyde Lighthouse Body is in a different position from the Members of this House, who have just heard at Prayers that "Kings reign and Princes decree justice," and is this independent body able to defy His Law and overrule the dictates of this man's conscience? It is a shocking state of affairs.

Sir P. CUNLIFFE-LISTER: I have only such authority as Parliament, by Statute, has delegated to me, and Parliament has established an entirely independent authority, partly elected by the users of lights, partly by the chambers of commerce and other bodies in Glasgow. I cannot answer or be held responsible for any body over which I have no sort of control.

Mr. KIRKWOOD: Is the President of the Board of Trade quite correct when he says that we have no control over this body? Will he remember that it is the Sabbath Day which is dealt with in this question; and that just adjacent to this Toward Lighthouse is the pier of Dunoon, where they made a strenuous fight for years to keep the pier closed to steamers on Sundays?

Sir P. CUNLIFFE-LISTER: I am quite clear what my jurisdiction is. Since the question appeared on the Order Paper I have looked into it with care and studied the Statute. I have no sort of power, either indirect or direct, over this body which is established by Statute. Its trustees are, by Statute, partly elected by the shipowners of the Clyde River, partly by the chambers of commerce of Glasgow and Port Glasgow, and partly, I think, by the Merchant Guild of Glasgow. I have not even got, as I have over other lighting authorities, the indirect control of having to approve of their estimates, and, therefore, I am really rather doubtful whether I have any jurisdiction even to answer questions of fact about them. The question was on the Paper, and I thought the proper thing to do was to communicate with this body and ask them to give such a reply as I have deliberately given to the House in the telegram I have read, but it would be quite impossible for me to undertake any action with regard to a body over which Parliament has entirely deprived me of any control.

Lieut. - Commander KENWORTHY: Could not the right hon. Gentleman find out what wireless tests were being made? He may have some jurisdiction there, and prevent these tests being made on Sundays. There are six other days in the week.

Sir P. CUNLIFFE-LISTER: I am perfectly clear on the matter. This was a telephonic communication between two

[Sir P. Cunliffe-Lister.]

lighthouses, both of them entirely within the direction of this statutory and autonomous body, and I have no more authority to interfere with them than I have to interfere with the hon. and gallant Gentleman.

Mr. SPEAKER: It is quite clear that this is a matter outside our jurisdiction.

Mr. ERNEST BROWN: May I ask whether the right hon. Gentleman proposes to ask Parliament for legal powers to sack this body and reinstate this God-fearing man?

Mr. MACQUISTEN: Cannot the right hon. Gentleman make representations to the constituents of this usurping body to take away from them functions that they should not possess?

Mr. KIRKWOOD: They are all Tories on this body; there is not a Labour man among them.

CATTLE (HUMANE KILLING).

13. **Mr. BUCHANAN** asked the Secretary of State for Scotland what towns in Scotland have introduced methods for humane killing of cattle?

The **SOLICITOR - GENERAL** for **SCOTLAND** (Mr. MacRobert): In the following burghs in Scotland the use of a mechanical instrument for the slaughter of animals is prescribed by by-law made by the local authority and confirmed by the Secretary of State:

Castle Douglas.	Melrose.
Lockerbie.	Nairn.
Dalbeattie.	Dingwall.
Falkirk.	Lanark.

In the following burghs a power to prescribe the instruments or means to be used is conferred by by-law on the local authority or their official:

Port Glasgow.	Motherwell and
Largs.	Wishaw.
Paisley.	Hawick and Troon.
Stirling.	

In about 40 other burghs in Scotland the by-laws with respect to slaughter-houses contain other provisions of which the object is to prevent cruelty and the infliction of unnecessary suffering in the slaughter of animals.

GLASGOW CORPORATION, PROVISIONAL ORDER.

14. **Mr. BUCHANAN** asked the Secretary of State for Scotland the reason for delay in having the Glasgow Corporation Provisional Order placed before the House?

The **SOLICITOR - GENERAL** for **SCOTLAND:** Questions of some difficulty arose on this Order which required consideration. The Order has now been made and the Confirming Bill has been presented to the House to-day.

Mr. BUCHANAN: I know there has been difficulty and delay, but I want to know the reason for the difficulty and delay?

The **SOLICITOR - GENERAL** for **SCOTLAND:** I understand there were negotiations between the Secretary of State and the Corporation of Glasgow.

Mr. BUCHANAN: I know there were negotiations, but I want to know the reason for those negotiations and for the delay. Everyone knows that there have been negotiations, and, I suppose, delay and negotiations mean much the same thing, and I have put down a question asking the reason for the delay.

The **SOLICITOR - GENERAL** for **SCOTLAND:** And I say the reason for the delay was the negotiations.

Mr. BUCHANAN: I presume the hon. and learned Gentleman's next answer will be that the reason for the negotiations was the delay. I want to know the reason for the negotiations and for the delay and the nature of the negotiations?

Mr. SPEAKER: Evidently the hon. Member has got all the information which is available to-day. He ought to put down the question as to the nature of the negotiations.

Mr. BUCHANAN: I have asked the only question which, I thought, could be asked in the circumstances, and I would like to know if the hon. and learned Gentleman has any objection to giving the information for which I ask?

The **SOLICITOR - GENERAL** for **SCOTLAND:** I have not any objection, but the only information I have is that there were negotiations.

Mr. KIRKWOOD: Can we have the result of those negotiations up-to-date?

The SOLICITOR - GENERAL for SCOTLAND: Yes, the Bill.

STORNAWAY MAIL SERVICE.

16. **Mr. LIVINGSTONE** asked the Secretary of State for Scotland when he expects the new and better boat to take duty on the Stornaway mail service?

The SOLICITOR-GENERAL for SCOTLAND: The building of a new boat of the kind contemplated would, I understand, take nearly a year. Pending the result of the negotiations to which I have referred in an earlier reply it is not possible to make a definite statement as to when a new boat will be available for the service. I understand however that plans and specifications are being drawn up.

Mr. LIVINGSTONE: Will the Government try to expedite the production of this boat?

The SOLICITOR-GENERAL for SCOTLAND: Yes, Sir.

ILLEGAL TRAWLING.

17. **Mr. LIVINGSTONE** asked the Secretary of State for Scotland the amounts of the fines, the names of the offenders, and the places where the offences were committed in each conviction for illegal trawling in Scottish waters this year?

The SOLICITOR-GENERAL for SCOTLAND: The particulars asked for by the hon. Member are as follow, the amount of fine, name of offender and place of offence being given in that order. £10, Robert Campbell, off Burghead. £75, Patrick Dennis O'Keefe, off Neban Point, Orkney. £80, Arthur Jackson, off Ailsa Craig, Firth of Clyde. £60, John Thomson, off Findhorn. £60, James Noble, off Noss Head, Moray Firth.

Mr. MACQUISTEN: Is the seaplane still operating as part of the guard?

Mr. SPEAKER: That is another question.

STONEHENGE (WAR OFFICE BUILDINGS).

6. **Lieut.-Commander KENWORTHY** asked the Secretary of State for War

what percentage of the 58,000 acres of land held, rented, leased, or otherwise at the disposal of the War Office on Salisbury Plain, and in the neighbourhood, is in use for artillery and rifle ranges?

The SECRETARY of STATE for WAR (Sir Laming Worthington - Evans): Approximately 60 per cent.

Lieut. - Commander KENWORTHY: Could not some of the remaining 40 per cent. of space be used for the new buildings instead of placing them where they will obliterate the sky line at Stonehenge?

Sir L. WORTHINGTON-EVANS: If the hon. and gallant Gentleman asks the next question on the Paper, he will find the reason.

7. **Lieut.-Commander KENWORTHY** asked the Secretary of State for War what would be the additional cost of erecting the permanent War Office buildings, proposed to be built within sight of Stonehenge on Larkhill, further away from the monument and below the skyline from Stonehenge, instead of building them on the site of the present steel temporary huts as at present proposed?

Sir L. WORTHINGTON-EVANS: The additional cost would necessarily vary with whatever alternative site was available, but allowing for the reprovision of roads, water supply, electric lighting and other facilities existing at Larkhill and of the permanent steel and other houses already there, it is estimated that it would be between £150,000 and £200,000.

Lieut.-Commander KENWORTHY: Is the right hon. Gentleman aware that there is another site at Fargo Camp which is more sheltered than Larkhill and is nearly as close to the ranges and to electric light supplies and roads and so forth; and could not these additional buildings be put up there.

Sir L. WORTHINGTON-EVANS: As to the particular camp I will make further inquiries, but unless the facilities mentioned are already there the cost will be heavy.

Lieut.-Commander KENWORTHY: The right hon. Gentleman has given me an

[Lieut.-Commander Kenworthy.]
answer about removing the whole camp which I did not ask for. I am only referring to a handful of steel huts which, I want to be put on the other side. That is not going to cost £150,000.

Mr. SPEAKER: We cannot argue the matter now.

CHINA (BRITISH TROOPS).

8. **Mr. TREVELYAN** asked the Secretary of State for War if he can give the monthly statistics of sickness and mortality in the British force since its arrival in Shanghai; whether he has official information showing that the risks to health are greater as the year goes on; and, if so, whether a withdrawal of the British forces is contemplated?

Sir L. WORTHINGTON-EVANS: As regards the first part of the question, I will circulate a statement in the **OFFICIAL REPORT**. As regards the second part, some increase in the sickness is unfortunately to be looked for during the hot weather, but authority has been given for one battalion at a time to be sent from Shanghai to Wei-hai-wei during the summer months. As regards the last part, no further withdrawal is contemplated at present.

Following is the statement:

Approximate average number in hospital at Hong Kong and Shanghai according to the latest available information:

Month.	Officers.	Other ranks.
March	5	583
April	16	745
May	16	871
June	23	959

Deaths from all causes reported among the troops in Hong Kong and China, excluding permanent garrison and marine battalions:

February	1
March	5
April	2
May	—
June	2
July (to 9th)	2

No deaths have occurred amongst officers.

TRANSPORT.

WESTERN HIGHLANDS AND ISLANDS.

10. **Major Sir ARCHIBALD SINCLAIR** asked the Secretary of State for Scotland what steps have been taken to give effect to the recommendations of the Departmental Conference on Transport, which was appointed in May, 1925 to consider the problem of transport in the Western Highlands and Islands; and what further action, if any, is contemplated in the current year?

The SOLICITOR - GENERAL for SCOTLAND: The recommendations in question were carefully examined by my right hon. Friend in consultation with the Postmaster-General and in the result certain proposals were formulated as the basis for negotiations with the steamship company principally affected. Considerable progress has been made in the negotiations, but pending further discussion on certain outstanding points it is not possible to make any statement as to future arrangements.

Sir A. SINCLAIR: Has effect been given to one single recommendation of this Committee which sat in May, 1925.

The SOLICITOR - GENERAL for SCOTLAND: No, Sir.

NORTH AND WEST COASTS, SCOTLAND.

11. **Sir A. SINCLAIR** asked the Secretary of State for Scotland whether he will arrange for the cargo steamer which now serves Skye and the west coast of Ross-shire under the management of the Board of Agriculture for Scotland to extend its itinerary in view of the inadequate transport facilities along the north and west coasts of Sutherland?

The SOLICITOR - GENERAL for SCOTLAND: On the information supplied by the Board it appears that the itinerary of the vessel referred to could not well be extended as proposed without interference with other services which it provides, and which are probably more useful. The hon. and gallant Member is no doubt aware that to some extent the west coast of Sutherland is served by a 10-day cargo steamer service from Glasgow.

Mr. JOHNSTON: In view of the demonstrated success of a State shipping

service, will the hon. and learned Gentleman see that it is extended, so as to cover all these islands?

Sir A. SINCLAIR: Will the hon. and learned Gentleman at any rate, state why this part of the Western Highlands alone should be favoured by this service, when other parts of the Highlands have an equal right to it in view of the very inadequate service along the west coast of Sutherland now?

MOTOR DRIVERS' LICENCES (TESTS).

33. **Sir R. THOMAS** asked the Minister of Transport whether he contemplates legislation imposing tests of fitness, particularly in regard to nerves and eyesight, upon all applicants for motor-driving licences?

The MINISTER of TRANSPORT (Colonel Ashley): My proposals with regard to the physical fitness of applicants for motor-driving licences are contained in Clauses 14 and 15 of the draft Road Traffic Bill which I circulated a short time ago.

Colonel DAY: Can the right hon. and gallant Gentleman say whether there is any chance of this Bill coming before the House, because every day we read of men who are deaf and dumb and who hold motor licences being convicted?

Colonel ASHLEY: I think we have every hope of being able to deal with the holding of motor licences by deaf and dumb people very soon, but the hon. Gentleman knows as well as I do the congested state of our Parliamentary business.

Mr. MACQUISTEN: Is it not a fact that the people who have the strongest nerve and keenest eyesight are the most reckless and dangerous drivers, and are responsible for most of the accidents?

MOTOR ALARMS.

34. **Sir R. THOMAS** asked the Minister of Transport whether his attention has been drawn to the increasing use of discordant and penetrating motor alarms; and whether, seeing that these add to the nervous strain of modern life and are therefore a menace to public health, he will take action in the matter?

Colonel ASHLEY: I would refer the hon. Member to the answer which I gave on the 31st May to a question on this

subject by the hon. Member for West Leicester (Mr. Pethick-Lawrence). I am sending him a copy of the question and answer.

Sir R. THOMAS: Is the right hon. and gallant Gentleman not aware that this nuisance is being increased week by week and month by month, and what happened in May last applies more forcibly to-day? Is the right hon. and gallant Gentleman not prepared to take more energetic action in this matter?

Colonel ASHLEY: More energetic action cannot be taken with the present powers, but, when the draft Road Traffic Bill becomes law, I think it will be possible for something to be done in this direction.

Mr. MONTAGUE: Does the right hon. and gallant Gentleman consider that people who do not own motor cars have any right to nerves at all?

Colonel ASHLEY: There is no foundation for such an insinuation.

Mr. THURTLÉ: Could the Minister of Transport arrange for these motor horns to sound some inspiring tunes, like "The Red Flag"?

Colonel DAY: Is it not a fact that the loud sounds on motor horns are a great advantage, and in many cases obviate accidents?

Colonel ASHLEY: I quite agree that probably if the horns played "The Red Flag" the people would run away.

CHARS-A-BANCS.

35. **Lieut.-Colonel ACLAND-TROYTE** asked the Minister of Transport whether he is aware that many chars-a-bancs are not used during the winter months owing to the high licences; and whether he will consider the introduction of a system of short-term licences so as to allow these vehicles to be used on special occasions during the oc season?

Colonel ASHLEY: I am aware that many chars-a-bancs, in common with other classes of vehicles engaged in seasonal trades, are laid up during the winter. The part-year licensing system and the payment of surrender values, taken in combination, in effect enable a vehicle to be licensed for periods of a month, and I am not disposed to recommend the issue of licences for any shorter period.

THRESHING SETS.

36. **Lieut.-Colonel ACLAND-TROYTE** asked the Minister of Transport whether he is aware that the regulation under which threshing sets should carry three men causes expense and inconvenience; and whether he will issue an order reducing the number of men they have to carry before the autumn?

Colonel ASHLEY: The number of men who have to accompany threshing sets is governed by Statute and I have no power to alter it by Regulation. The House will have an opportunity of considering the matter afresh when the Road Traffic Bill is introduced.

Sir BASIL PETO: As the right hon. and gallant Gentleman has made a similar reply many times during the last three years to questions on this simple matter, can he give the House any indication when we are likely to have this legislation?

Colonel ASHLEY: I can only say, as I said in reply to the hon. Member for Southwark (Colonel Day), that my hon. Friend knows as well as I do the congested state of public business.

Lieut.-Colonel ACLAND-TROYTE: Is there any chance of anything being done in this matter before next autumn?

Colonel ASHLEY: The hon. and gallant Gentleman knows that there is not much more than a fortnight of Parliamentary time before the Autumn.

Mr. R. MORRISON: Is the right hon. and gallant Gentleman not aware that 90 per cent. of the answers given to these questions have been that we should wait until the Bill is introduced, and can the right hon. and gallant Gentleman not give some indication now as to whether this question is likely to be dealt with during the Autumn Session?

Colonel ASHLEY: I think that question should be addressed to the Leader of the House.

AGRICULTURE.

SHEEP (EXPERIMENTS).

12. **Sir A. SINCLAIR** asked the Secretary of State for Scotland whether his attention has been drawn to the experiments of Dr. Voronoff, who claims greatly to have increased the size of sheep and

wool production by gland operations; and whether the Board of Agriculture proposes to make any inquiry into these claims?

The SOLICITOR-GENERAL for SCOTLAND: Yes, Sir. My right hon. Friend is aware of the work of Dr. Voronoff. The Ministry of Agriculture, in conjunction with the Board of Agriculture for Scotland, propose to carry out an expert investigation of these experiments during the autumn.

SMALL HOLDINGS, SCOTLAND.

20. **Mr. STEPHEN** asked the Secretary of State for Scotland the amount of money available during the current year for the constitution of small holdings in Scotland and the corresponding amount for last year?

The SOLICITOR-GENERAL for SCOTLAND: The provision on the Estimate of the Board of Agriculture for Scotland for the present financial year for Grants-in-Aid of the Land Settlement purposes of the Small Landholders Acts, the Small Holding Colonies Acts and the Land Settlement (Scotland) Act, 1919, is £175,000. A similar sum was provided for the year 1926.

Mr. STEPHEN: How much was spent last year?

The SOLICITOR-GENERAL for SCOTLAND: I should require notice of that question.

PATRINGTON FARM COLONY.

41. **Sir FREDRIC WISE** asked the Minister of Agriculture the approximate loss incurred at the Patrington Farm Colony?

Captain MARGESSON (Lord of the Treasury): I have been asked to reply. So far as my right hon. Friend is aware, the valuers have not yet settled the amount due to the Ministry for outgoing tenant right, etc., and it is therefore impossible to complete the accounts of the settlement for the last financial year. In the circumstances, my right hon. Friend regrets that he cannot yet add anything to the answer given to my hon. Friend on the 11th May last.

Lieut. - Commander KENWORTHY: When these accounts are out, may we have a list of the number of men who have received agricultural training and employment on this farm colony?

Captain MARGESSON: I think that supplementary question was put before, and my right hon. Friend answered it on the 11th May. I believe the answer was that it would be absolutely impossible to make an estimate of that kind.

Lieut. - Commander KENWORTHY: Can we have the number of men employed during the time this colony has been in being?

Captain MARGESSON: I will represent that to my right hon. Friend.

Colonel DAY: Can the hon. and gallant Gentleman say when the accounts will be out?

Captain MARGESSON: No, Sir; we have not the necessary information.

HOUSING.

SCOTLAND.

15. Mr. MacKENZIE LIVINGSTONE asked the Secretary of State for Scotland the names of the authorities in the crofting areas who have intimated their intention to operate the Housing (Rural Workers) Act, and how many of these have decided to do so since the recent conference at Inverness?

The SOLICITOR-GENERAL for SCOTLAND: I am informed that in the areas in question the local authorities of the Black Isle, Easter Ross, Mid Ross and south-western districts of Ross-shire and the local authority of Caithness County have intimated their intention to operate the Housing (Rural Workers) Act, 1926. Schemes by the first three of these local authorities have already been approved by the Scottish Board of Health and schemes by the other two have been submitted to the Board and will be approved shortly. Three of the above schemes have been submitted since the recent conference at Inverness. The local authorities of the Harris district of Inverness-shire and of the western district of Ross-shire are to decide at their meetings this month whether they will adopt a scheme, and the Board are in communication with the other local authorities in the crofting areas, urging action by them under the Act.

18. Mr. STEPHEN asked the Secretary of State for Scotland whether the Rent

Restriction Act, so far as it affects Scotland, will be extended for a full year under the Expiring Laws Continuance Act?

The SOLICITOR-GENERAL for SCOTLAND: The answer is in the affirmative.

19. Mr. STEPHEN asked the Secretary of State for Scotland the number of houses that have been built in Glasgow under the Housing Act of 1924; the number at present under construction; and the average rent, inclusive of rates, of such houses?

The SOLICITOR-GENERAL for SCOTLAND: As at 30th June, 1927, the number of houses built under the Housing Act of 1924 by the Corporation of Glasgow was 676, the number under construction 3,250, and the average annual rent of the houses for which rents have been fixed, inclusive of occupiers' rates, is £40 17s.

50. Mr. KIRKWOOD asked the Chancellor of the Exchequer whether he will reconsider his decision not to recommend the Public Works Loan Commissioners to make a further advance to the Clydebank Town Council for the purposes of housing, in view of the fact that this area has suffered severe depression since 1920, and that a loan obtained in the open market at the authorised rate of 5½ per cent. would either so increase the rents of the houses or so burden the municipal rates as to make the housing scheme unworkable?

Mr. CHURCHILL: No, Sir. In accordance with the usual practice, Clydebank may borrow from the Local Loans Fund up to one-half the amount of the proceeds of National Savings Certificates sold in that area within the preceding 12 months. Further advances could only be made by restricting the amount available for the smaller local authorities, for whom the Local Loans Fund is primarily intended, and I am unable to agree to that course.

Mr. KIRKWOOD: Will the right hon. Gentleman have regard to the fact, as indicated in the question, that there has been a great amount of unemployment in this town, and that two of the biggest employers, Sir Robert McAlpine and Lord Aberconway, who have over 10,000 houses, have agreed to accept pre-War rents for their houses? Surely it is not too much

[Mr. Kirkwood.]
to ask the Government to try and help us over this difficulty at the moment by letting us have money at a lower rate of interest?

Mr. SPEAKER: The hon. Member is making a statement. He must confine himself to putting questions.

Mr. KIRKWOOD: I have put my question. Surely, you will not prevent the Chancellor of the Exchequer from answering it?

Mr. SPEAKER: It is the hon. Member who is preventing him.

ROAD AND PAVEMENT CHARGES.

53. Mr. THURTLÉ asked the Minister of Health if his attention has been drawn to the hardship suffered by owners of new houses who have with difficulty contrived to find sufficient money to buy houses, when they are confronted with demands from the local authority for the cost of making up the roads in which the houses are situate; and if he is proposing to take any action for relieving owners of new houses of this burden?

The PARLIAMENTARY SECRETARY to the MINISTRY of HEALTH (Sir Kingsley Wood): No action is proposed with the object of relieving owners of the entire burden of private street works. The general law provides for an appeal against unreasonable demands of the local authority. When cases of hardship are brought to the notice of my right hon. Friend, he encourages the local authority to spread the burden, if the owners so desire, over a period of years, and he is willing to sanction loans for that purpose.

DECONTROLLED HOUSES.

55. Sir WALTER de FRECE asked the Minister of Health the number of houses which have become decontrolled within the last five years; and how that total compares with the number of those still controlled?

Sir K. WOOD: My right hon. Friend regrets that the information desired by my hon. Friend is not available.

COAL MINING INDUSTRY.

EIGHT HOURS ACT.

21. Mr. GEOFFREY PETO asked the Secretary for Mines what hours are now being worked in the various British coal fields?

The SECRETARY for MINES (Colonel Lane Fox): In Yorkshire, Kent and Notts and Derby, and in the case of hewers in Northumberland and Durham, the full ordinary underground shift, not including winding time, is 7½ hours. Elsewhere it is eight.

Mr. PALING: Does the hon. and gallant Member know of any cases where miners have been able to keep the seven-hours' day they had last year?

Colonel LANE FOX: No, Sir, I am not aware of any.

Mr. PALING: Will the hon. and gallant Member tell me what has become of the permissive part of the Act of which we heard so much last year?

Mr. BATEY: Can the Secretary for Mines tell us what was the average time, including the winding?

Colonel LANE FOX: I think the hon. Member had better put down a question on that point.

Mr. T. WILLIAMS: Is the hon. and gallant Member aware that at some of the collieries in Yorkshire the winding time averages 55 minutes each day, which means that the collier is down the mine not less than eight hours 25 minutes?

Mr. HARDIE: Do the hours given by the Secretary for Mines include the winding both ways?

Mr. PETO: Does not the variation in the hours show that the Act is purely permissive?

Colonel LANE FOX: In reply to the supplementary questions of hon. Members, the question asked me was what are the hours on the average, and I have answered it.

Mr. HARDIE: Was it not understood when we were passing the Eight Hours Act that the eight hours meant from the time the men left the surface to the time they came to the surface again?

Mr. SPEAKER: That can be found in the Act.

Mr. BATEY: Is the Secretary for Mines aware that in the County of Durham the hours previously were six hours, and six and a-half hours, and that the average for the county was six hours 40 minutes?

Mr. SPEAKER: That is giving information.

Mr. KIRKWOOD: He needs to be informed, Mr. Speaker.

22. **Mr. T. WILLIAMS** asked the Secretary for Mines how many mines are working full time in Yorkshire at the present time, and for how many weeks these collieries have worked full time?

Colonel LANE FOX: The returns relating to time worked at coal mines are tabulated not according to the number of collieries but on the basis of the number of workpeople affected. From this it appears that, in Yorkshire, during the week ended 25th June, 24,500 wage-earners or 13·4 per cent. of the whole, were employed at pits which did not lose any coal-winding days owing to bad trade. The corresponding percentages for the three previous weeks were 31·0, 29·9 and 14·3.

Mr. WILLIAMS: Are we to understand from the reply that at one period 86 point something per cent. of the whole of the collieries in Yorkshire were working short time, and, if that be the case, does not the hon. and gallant Gentleman think that the Eight Hours Act has been very detrimental to the workpeople?

Colonel LANE FOX: No, Sir; I am quite sure that a great many of the men who are working short time would otherwise have had no work at all.

Mr. WILLIAMS: But is the hon. and gallant Gentleman aware, that the majority of the 86 per cent. of the collieries which are working short time to-day, were previously to the stoppage, working full time, and with the men getting better wages?

23. **Lieut.-Colonel WINDSOR-CLIVE** asked the Secretary for Mines whether he has any evidence of the effect which the Coal Mines Act, 1926, has had upon employment in the coal-mining industry?

Colonel LANE FOX: It is difficult to bring any direct evidence to bear on this question. It seems to me, however, to stand to reason that with shorter hours and higher costs of production the amount of unemployment must have been greater than it now is.

Lieut.-Colonel WATTS-MORGAN: Is the Secretary for Mines aware that production has now so glutted the market that the coalowners cannot give away the coal for nothing?

Mr. WILLIAMS: Is it not the fact that there are fewer mine workers working to-day than at any period during the past 20 years and that there are more mine workers under-employed than there has been during any part of the last 20 years.

Mr. SPEAKER: Hon. Members seem to be making their speeches beforehand.

UNDERGROUND HAULAGE (COST).

24. **Mr. HARDIE** asked the Secretary for Mines the average underground haulage cost per ton of coal in the longest distance to be traversed and also that of the shortest; and can he state the average haulage distance in our mines?

Colonel LANE FOX: According to information supplied by the Mining Association to the recent Royal Commission, the average haulage distance in October, 1925, in British mines was '92 of a mile. I regret that the other figures asked for are not available, but the hon. Member will find some general information on the subject in Tables 2 and 3 of Appendix 26 in Volume 3 of the Commission's Report.

Mr. HARDIE: Does the average distance given include the distance travelled by wheel-less tubs in Somersetshire, which is represented by the troglodyte Members of this House?

Colonel LANE FOX: The distance travelled by wheel-less tubs is, as a rule, extremely small—only a few yards.

Mr. HARDIE: But is it included in this distance?

Colonel LANE FOX: This is an average taken over the whole country.

Mr. HARDIE: Is it not a fact that when we deal with the figures relating

[Mr. Hardie.]
to haulage in mines we are dealing with
tubs on wheels and not boxes without
wheels?

Colonel LANE FOX: Perhaps the hon.
Member will put down that question.

Mr. HARDIE: I think I will.

Colonel LANE FOX: The figure I have
given is an average of all the distances.

FOREIGN COUNTRIES (IMPORT RESTRICTIONS).

28. **Mr. C. EDWARDS** asked the Secretary for Mines what countries have taken protective measures to restrict the import of coal exported from this country, whether by the licensing system or by tariffs?

Sir P. CUNLIFFE-LISTER: Restrictions on the importation or consumption of foreign coal are in operation in France, Spain and Germany. In Spain there is also a high duty on imported coal of about 6s. a ton which is reduced by 40 per cent. in favour of 750,000 tons per annum of British coal. In Brazil there is a duty of about 7s. 4d. a ton, but most British coal is, in fact, admitted free as being for Government purposes. In other countries which are important markets for British coal there are, for the most part, no import duties or only low ones.

WAGES (ASCERTAINMENT).

26. **Mr. TINKER** asked the Secretary for Mines in how many districts the wages of miners have been reduced to the minimum percentage; what is the amount of the deficit which has been ascertained in each such district; and in which of such districts is the deficit to be carried forward so as to be taken into account in future ascertainment?

Colonel LANE FOX: In reply to the first part of the question, I would refer the hon. Member to the statement which I am circulating to-day in reply to a question by the hon. Member for North-East Derbyshire (Mr. Lee). The reply to the other parts of this question also involves a number of figures, and, with the hon. Member's permission, I will circulate that also in the OFFICIAL REPORT.

Mr. T. WILLIAMS: Is it not the fact that every coal-mining area in Great Britain is down on the minimum?

Mr. TINKER: I think it would be better that I should press for the answer to be given now, in view of the Debate to-day. I do not know whether I have the power to force the Minister to give the answer now. I cannot give my permission, for which the Minister has asked, for the answer to be circulated.

Colonel LANE FOX: It would take some time to read the figures, and it would be difficult for the hon. Member to assimilate them as they were read out. I have promised him that he will get them this afternoon, and I think that will be the more satisfactory way.

Following is the information:

"Deficiencies" for purposes of recoupment in future wages ascertainment amounted at the end of May to the following sums:

	£
Scotland	601,771
Northumberland	312,873
Durham	932,492
Yorkshire	396,163
North Wales	60,435
Cumberland	69,037
Forest of Dean	25,928

In South Wales and Monmouth the deficiency at the end of April was £589,788.

27. **Mr. LEE** asked the Secretary for Mines whether he will state the hours per day worked in each district of the British coalfields, with the minimum percentage payable upon basis rates under the agreements at present in force; and the minimum percentage upon basis rates prior to the introduction of the longer working day, showing which of these districts are now being paid upon or above the minimum?

Colonel LANE FOX: With the hon. Member's permission I will circulate the information in the OFFICIAL REPORT.

Mr. KIRKWOOD: Is the Secretary for Mines aware that 50 per cent. of the miners working to-day are in a worse position than they were last year, when they were out enjoying a holiday?

Captain PETER MACDONALD: Is it not a fact that the conditions now are due to the fact that we have lost markets?

Following is the information:

STATEMENT showing the hours per full day worked in each district of the British Coalfields and the minimum percentages payable on basis rates in April, 1926, and the present day in those districts where agreements have been ratified.

District.	Minimum Percentages.		Hours.†
	April, 1926.	July, 1927.	
Scotland	133·33	110*	8
Northumberland	100	80*	7½ hewers, 8 others.
Durham	110	89*	7½ hewers, 8 others.
South Wales and Monmouth	42·22	28*	8
Yorks	46·67	36*	7½
Notts	46·67	38	7½
Derby	46·67	38	7½
S. Derby	46·67	35*	8
Leicester	46·67	40	8
Warwick	46·67	43	8
Cannock Chase	46·67	42	8
Lancs. and Cheshire	46·67	32*	8
North Staffs.	46·67	35*	8
South Staffs.	46·67	40	8
Cumberland	44·44	30*	8
Forest of Dean	80·00	68·75*	8
North Wales... ..	46·67	22*	8

* Indicates those districts in which wages are now being paid on the minimum.

† In the majority of districts a short shift varying from 5½ to 7 hours is worked on Saturday.

PRODUCTION.

29. **Mr. BATEY** asked the Secretary for Mines how many collieries were actually producing coal at the end of March last, compared with the number which were so producing at the end of March, 1926?

Colonel LANE FOX: I would refer the hon. Member to the reply given to the hon. Member for Pontypridd (Mr. Mardy Jones) on 15th March. The figures for March would not differ materially from the February figures I gave in that reply.

Mr. BATEY: The Minister states that the former answer on 15th March gave the information. In this question I am asking the number of pits producing coal at the end of March. It is difficult to get it if the former answer was given on 15th March.

Colonel LANE FOX: In my answer I have told the hon. Member that the February figures that I gave then are not materially changed now.

Mr. BATEY: Will it be possible for the Minister to tell us just how many pits there were producing coal in March last year?

Colonel LANE FOX: I think the hon. Member will be able to gather that from my reply.

Mr. KIRKWOOD: This is getting worse, Mr. Speaker.

SHIFTS WORKED.

30. **Mr. R. RICHARDSON** asked the Secretary for Mines whether he can state, for the country as a whole, the aggregate number of shifts worked in collieries for the first six months of this year as compared with the first six months of 1925?

Colonel LANE FOX: Particulars are available only for the first four months of 1927 during which the estimated number of shifts worked in collieries in Great Britain was over 84,000,000. The corresponding number in 1925 was 96,000,000.

Mr. RICHARDSON: Am I to understand that 12,000,000 fewer shifts were worked in Durham over those four months than in the corresponding period in 1926?

Colonel LANE FOX: Yes, the hon. Member's arithmetic is quite correct.

Mr. T. WILLIAMS: Does not that indicate that, although men are working fewer shifts and producing more coal, they are all receiving less in wages under the Eight Hours Act?

Mr. SPEAKER: That is another speech.

ORGANISATION.

31. Mr. R. RICHARDSON asked the Secretary for Mines if he is aware that since the increase of hours and the decrease of wages of miners took place the mines in the various areas are in a worse position than prior to the changes; and what measures, if any, he proposes to take to remedy this state of affairs, particularly with regard to unemployment?

Colonel LANE FOX: I have nothing to add at the moment to the reply which I gave to the hon. Member on 23rd June, except to say that the present unemployment in the industry can hardly be attributed to the reduction in costs brought about by the changes to which he refers.

Lieut.-Colonel WATTS-MORGAN: Will the right hon. Gentleman reply to the latter part of my question as to what steps he proposes to take with a view to recruitment and to remedying this state of affairs?

Colonel LANE FOX: If the hon. and gallant Gentleman will refer to my answer he will see that considerable steps are being taken, and that the whole matter is under consideration.

Mr. AUSTIN HOPKINSON: Is the hon. Member for Houghton-le-Spring (Mr. Richardson) aware that the first part of his question involves a statement which is utterly incorrect, because it suggests that the present conditions of affairs is worse than it was before the stoppage?

HON. MEMBERS: So it is!

Mr. BATEY: Is the Secretary for Mines aware that in various districts the position is worse than it was before the introduction of the Eight Hours Act?

Mr. HOPKINSON: Are hon. Members aware that there has been a reduction in losses of over 50 per cent.?

Mr. SPEAKER: I think these speeches should come later on. Hon. Members will have a chance later on of contributing their views.

ACCIDENTS.

32. Mr. PALING asked the Secretary for Mines the number of persons fatally injured in the coal mines in this country during the months from January to the end of June this year?

Colonel LANE FOX: The numbers of persons killed by accidents at mines under the Coal Mines Act were as follows: 75 in January, 94 in February, 155 in March (including 52 men involved in the Cwm Pit disaster and 14 in that at Bilsthorpe Colliery), 99 in April, 98 in May and 77 in June.

POST OFFICE.

BEAM WIRELESS SERVICES.

37. Colonel DAY asked the Postmaster-General when it is anticipated that the fourth chain of beam wireless service will be opened which will connect Great Britain and India; whether the two-wave length beam service between South Africa and Great Britain has now passed its final test; and when the service will be inaugurated between London and Cape Town?

The POSTMASTER-GENERAL (Sir William Mitchell-Thomson): The beam wireless stations for the Anglo-South African service passed the official test and the service was opened on the 5th July. The official test of the stations for the Anglo-Indian service has not yet been carried out, but the contractors expect to be able to hand the stations over for the test at an early date.

Colonel DAY: Can the Postmaster-General say whether the statement is correct, that the South African Wireless Beam Service can transmit 160,000 words a day both ways?

Sir W. MITCHELL-THOMSON: I should not like to make myself responsible for that statement without notice.

TELEPHONE SERVICE.

38. Colonel DAY asked the Postmaster-General the number of brochures announcing the advantages of the telephone that have been sent out during the last 12 months by the Telephone Department of the General Post Office, and the estimated cost?

Sir W. MITCHELL-THOMSON: During the past year, 29 leaflets, posters,

brochures, etc., drawing attention to the advantages of the telephone service, have been issued, and three more are in course of preparation. Some four million copies of the various documents have been distributed. The cost of printing falls upon the Stationery Office Vote.

Colonel DAY: Can the right hon. Gentleman say whether any definite sum has been allocated out of the telephone revenues for this purpose?

Sir W. MITCHELL-THOMSON: I think the hon. Gentleman had better address that question to the Financial Secretary to the Treasury.

39. Lieut.-Colonel JAMES asked the Postmaster-General whether, in view of the fact that the policy of his Department is to persuade the maximum number of householders in rural areas to instal and take every advantage of telephone facilities, and seeing that this policy is hampered by the disparity in the charges made as between exchanges in rural areas with less than 20 subscribers and those with more than this number, he will seek Treasury sanction to institute the same uniform charges on a mileage basis without discrimination between these two categories of rural exchanges?

Sir W. MITCHELL-THOMSON: I cannot ignore the financial aspect, and in view of the considerable loss which is involved in the provision of service at exchanges with less than 20 subscribers, I regret that I cannot see my way at present to propose a reduction in the rental charges payable.

Lieut.-Colonel JAMES: Does the right hon. Gentleman not realise that sometimes what is lost on the swings can be made up on the roundabouts?

Sir W. MITCHELL-THOMSON: I fully realise that, but my object is to try and preserve a balance between the two.

Mr. MACQUISTEN: Will the Postmaster-General explain why telephones are so dear in this country, and is he aware that they cost only half the money in South Africa?

NAVAL AND MILITARY PENSIONS AND GRANTS.

40. Mr. ROBINSON asked the Minister of Pensions whether, in the case of a

man 100 per cent. disabled whose wife is in receipt of the allowance of 10s. a week under Article 1a (1), it is the general practice of his Department to discontinue the allowance to the wife when she is granted an old age pension; and, if so, under what warrant or Act of Parliament is the wife's allowance stopped?

The PARLIAMENTARY SECRETARY to the MINISTRY of PENSIONS (Lieut.-Colonel Stanley): An allowance under Article 1a (1) of the Royal Warrant is never discontinued because of the grant of an old age pension to the wife.

Mr. GRIFFITHS: Would that apply to a widow?

Lieut.-Colonel STANLEY: The question refers to the wife of a man who is in receipt of this allowance.

Mr. GRIFFITHS: Does it apply to the widow as well?

Lieut.-Colonel STANLEY: That question does not arise out of this question.

Mr. GRIFFITHS: You might as well answer it now.

EGYPT.

DESPATCH OF WARSHIPS (Cost).

42. Mr. KIRKWOOD asked the First Lord of the Admiralty the approximate cost of the despatch of warships to Egypt on 29th May last?

The PARLIAMENTARY SECRETARY to the ADMIRALTY (Lieut.-Colonel Headlam): The approximate cost involved by reason of the despatch of the three battleships to Egypt was £8,000, representing the value of the oil fuel consumed. But no additional charge will fall on Navy Estimates, as it is proposed that the fuel expended shall come out of the annual aggregate allowance of the Mediterranean Fleet.

KING FUAD (VISIT TO BRITAIN).

49. Mr. KIRKWOOD asked the Chancellor of the Exchequer whether any portion of the cost of entertaining the King of Egypt on his visit to Britain during this month was defrayed out of public funds; and, if so, what was the amount?

The CHANCELLOR of the EXCHEQUER (Mr. Churchill): I shall be quite ready to give the House the full particulars at a later date; but it would not be in accordance with the laws of hospitality, which I am sure the hon. Member would wish me to respect, to do so while our guest is still in this country.

Mr. MACQUISTEN: Do not these expenses, if any, fall upon the general body of taxpayers; and how do they compare, say, with the expenses of a trade union congress, which are borne entirely by the workers concerned?

GOVERNMENT DEPARTMENTS.

FORESTRY COMMISSION (CHAIRMAN).

43. Sir F. WISE asked the hon. Member for Monmouth, as representing the Forestry Commissioners, if the new chairman of the Forestry Commission receives a salary?

Sir LEOLIN FORESTIER-WALKER (Forestry Commissioner): The new Chairman of the Forestry Commissioners receives a salary of £1,650 per annum without Civil Service bonus.

Sir F. WISE: Is the Chairman giving his full time to the Forestry Commission?

Sir L. FORESTIER-WALKER: He is giving all the time that is necessary to do the job.

Mr. WALLHEAD: Are we to understand that this is really a part-time job at £1,650 a year?

Mr. E. BROWN: Would the hon. Member state the name of the Chairman?

Sir L. FORESTIER-WALKER: Lord Clinton.

Mr. WALLHEAD: Is it a part-time job?

Sir L. FORESTIER-WALKER: The job of the Chairman of the Forestry Commission is to carry out the work which Parliament asks the Forestry Commission to do, and that is what the Chairman is doing.

Mr. STEPHEN: Is the chairman of the Forestry Commission working an eight-hour day?

Captain GARRO-JONES: Has this Noble Lord any special qualifications for these duties?

Sir L. FORESTIER-WALKER: He is one of the experts of this country.

MINISTRIES (REORGANISATION).

45. Mr. PALING asked the Prime Minister whether it is the intention of the Government to abolish the Mines Department; and, if so, to what other Departments the duties are to be assigned?

47. Mr. T. WILLIAMS asked the Prime Minister whether the Mines Department is to be abolished; and, if so, when will the Bill be introduced to accomplish this object?

The PRIME MINISTER (Mr. Baldwin): I would refer the hon. Members to the reply which I gave on the 7th July in answer to a question by the hon. Member for Chester-le-Street (Mr. Lawson).

Mr. PALING: Did that reply give a complete answer as to whether the Mines Department will be abolished or not? Have we not been asking time after time to whom the duties will be assigned, and, in view of the importance of this question, and of the Debate to-day, is it not time that some direct answer was given to the questions that have been asked?

The PRIME MINISTER: I quite agree that some time has elapsed since the first announcement was made, but I made it quite clear on the 7th July, in answer to a supplementary question, that I thought it was extremely improbable that a full statement would be made before the House rises. I have a subsequent question dealing with this matter, and undoubtedly, whatever may be said in the course of the Debate to-day—which is a very good opportunity for expressing opinions—will be given consideration.

Mr. PALING: Have representations been made by the Mining Association, or the Miners' Federation, or any other body concerned?

The PRIME MINISTER: I could not answer that question without notice, but there is a question a little later by the

hon. Member for the Don Valley (Mr. T. Williams), which is one of the questions to which I shall reply.

Mr. WALLHEAD: Could we know what the miners have got out of the establishment of the Mines Department, as their condition is worse than it was before?

Mr. SPEAKER: It would be very much better to deal with that in the Debate.

48. **Mr. WILLIAMS** asked the Prime Minister whether, before introducing legislation to abolish the Mines Department, he will be prepared to receive a deputation from Members of this House who desire to retain this Department in the national interest?

The PRIME MINISTER: I regret that I cannot find the time to receive this deputation before my departure for Canada, but perhaps the hon. Member would renew his request during the Autumn Recess.

Mr. WILLIAMS: Are we to understand, from the Prime Minister's reply, that no definite and final decision has been taken with regard to the abolition of this Department?

The PRIME MINISTER: A definite statement was made, but with regard to each of the Departments a desire has been expressed by those interested to send deputations. I received a deputation in reference to the Ministry of Transport, and, of course, it is our duty to do that. A deputation will be received by the President of the Board of Trade with reference to the Overseas Trade Department, and, if there be a desire to send a deputation to myself, I shall be pleased to see them in the autumn.

Mr. HARTSHORN: I understand the right hon. Gentleman to say that it is not intended that a definite statement shall be made before the House rises, and also that he will not be able to meet this deputation before he goes to Canada. Could he give us an undertaking that no definite decision will be taken until he has received the deputation?

The PRIME MINISTER: The ultimate and definite decision must be when the point of putting the decision in a Bill arrives. That cannot be until the

autumn. There cannot be a Bill of any kind until the autumn, so that nothing can take place till then.

Mr. PALING: Can the right hon. Gentleman promise that the deputation which is to come from the Miners' Federation will be received by him sympathetically, and that he will give their representations the same sympathetic consideration that he has given in the case of the Overseas Trade Department and the Ministry of Transport?

The PRIME MINISTER: The question of the hon. Member for the Don Valley (Mr. T. Williams) refers to a deputation of Members of this House, and that is the question I have answered.

TAX OFFICE, PRESTON.

62. **Mr. A. R. KENNEDY** asked the Under-Secretary of State for the Home Department, as representing the First Commissioner of Works, whether his attention has been called to the state of the office accommodation at Preston of the three Preston tax districts; and what steps he is taking in the matter?

Captain HACKING (for The FIRST COMMISSIONER of WORKS): The answer to the first part of the question is in the affirmative. The re-allocation of the premises in which the tax districts are housed is now under discussion with the Inland Revenue Department, and it is hoped that a scheme for remedying the defects will be settled at an early date.

IRAQ RAILWAY.

44. **Sir F. WISE** asked the Secretary of State for the Colonies if he has now received the Report on the Investigation of the Iraq Railway?

Mr. ORMSBY-GORE: I understand that the Report has been completed, and only requires to be printed before presentation.

Sir F. WISE: Will this Report be available to Members of Parliament?

Mr. ORMSBY-GORE: I should like to have notice of that question. The Report will be published, but the question whether it is in the interest of national economy to circulate to every Member of Parliament a lengthy document of this kind will be examined.

INCOME TAX (LUNCHEON EXPENSES).

51. **Mr. STEWART SANDEMAN** asked the Financial Secretary to the Treasury whether he is aware that letters have been sent from Somerset House asking certain Income Tax payers who happen to lunch at their offices whether they pay for their lunches themselves or whether these lunches are paid for by the firms or companies of which they may happen to be employes or directors; and under whose instructions this is done and in what difference to the revenue this might involve the country?

The **FINANCIAL SECRETARY** to the **TREASURY** (**Mr. Ronald McNeill**): I am not aware that any such letters have been sent, and I can assure my hon. Friend that he is under a misapprehension in thinking that any such general inquiry is being made. If he has some particular case in mind, and will put me in possession of the facts, I will look into it and let him know the result.

Mr. SANDEMAN: Is the right hon. Gentleman aware that I have several instances in which companies have not been allowed to pay for these lunches, and may I ask whether or not it is legal to demand that companies should charge for these lunches which may be given to their directors or employes?

Mr. McNEILL: I could not answer that question without notice.

Mr. SANDEMAN: As this is evidently not a question for Question Time, I beg to give notice that I propose to raise it at the first possible opportunity.

GUILDFORD INFIRMARY (DEATHS).

52. **Colonel DAY** asked the Minister of Health whether he has now received the report of the coroner's inquest held on Sarah Ann Edgerton and Elizabeth Fagent, who died at the Guildford infirmary after they were given medicine which was supposed to be liquorice powder; and whether he is now prepared to have a special inquiry held into all the circumstances?

Sir K. WOOD: No, Sir. As my right hon. Friend has already informed the hon. Member by letter, the inquest was adjourned till the 18th instant, and my

right hon. Friend cannot decide what action he should take until he can consider the findings of the inquest.

Colonel DAY: Will the hon. Gentleman also take into consideration the fact that a further case happened on the 23rd May, as reported by the medical officer to the guardians?

Sir K. WOOD: Perhaps the hon. Gentleman will send that to me.

TUBERCULOSIS (SANATORIUM TREATMENT).

54. **Sir WALTER de FREGE** asked the Minister of Health the number of tuberculous patients, insured under the National Health Insurance Acts, who are still awaiting sanatorium treatment for which they have been recommended?

Sir K. WOOD: My right hon. Friend regrets that the returns furnished to him by local authorities do not distinguish between insured and uninsured members of the population.

Dr. WATTS: Is my hon. Friend aware that from the curative point of view sanatorium treatment is practically almost useless, and does he consider that the results of this form of treatment justify the millions that we spend annually on the upkeep of these institutions?

Sir K. WOOD: That raises a very large question, and I should prefer to deal with it in debate rather than by question and answer.

UNEMPLOYMENT (AGED WORKERS).

56. **Mr. JOHNSTON** asked the Minister of Labour whether he can give the number of male and female workers over the age of 65 engaged in industry at the time of the last Census; and if he can give any estimate of the number in these age groups still remaining in industry?

Sir K. WOOD: I have been asked to reply. The ages of males and females engaged in the several industries at the last Census are shown in Table 3 of the Industry Tables (Census of England and Wales, 1921). The numbers over 65 years of age are as follow:

Males	...	...	...	571,960
Females	...	...	...	132,778

No data are available for estimating the number of these persons still engaged in industry.

57. **Mr. JOHNSTON** asked the Minister of Labour whether he can give any estimate of the number of workers of 65 years of age and over who have withdrawn from their employment as a result of the Widows', Orphans', and Old Age Contributory Pensions Act.

Sir K. WOOD: I have been asked to reply. No effect on the employment of persons of pensionable age can reasonably be expected from the operation of the Widows', Orphans', and Old Age Contributory Pensions Act before 2nd January, 1928, as old age pensions to insured persons between the ages of 65 and 70 are not payable before that date.

Mr. JOHNSTON: Is it not obvious that if proper and adequate pensions were given to the seven or eight hundred thousand workers of 65 or over the back of the unemployment problem would be broken?

Sir K. WOOD: That is a matter for discussion.

WASHINGTON HOURS CONVENTION.

59. **Mr. OLIVER** asked the Minister of Labour whether his attention has been drawn to a statement made by M. Mertens, a Belgian delegate to the recent international conference at Geneva, that the failure of the principal Governments to ratify the Washington Hours Convention is due to their inability to agree on how a secret Clause of the London agreement of March, 1926, should be fulfilled; and whether he will make a statement on this subject and communicate to the House the nature of this Clause?

61. **Mr. WALLHEAD** asked the Minister of Labour whether his attention has been drawn to the allegation, made at Geneva by the Belgian delegate to the International Labour Conference, that the London agree of 1926 on hours of labour contained a secret Clause regarding reservations to be made in the putting into force of the Hours Convention; and whether he will make a statement on the subject?

The PARLIAMENTARY SECRETARY to the MINISTRY of LABOUR (Mr. Betterton): As was explained in the reply given on 16th June to the hon. Member for Plaistow (Mr. W. Thorne), what is described, inaccurately, as a secret Clause consists of an understanding that a list of continuous processes should be drawn up by each of the States represented at the London Conference for the purpose of giving effect to the Agreement. There is no foundation for the suggestion that this understanding is responsible for delay in ratification of the Convention.

Mr. OLIVER: Am I to understand from that reply that the statement made by Mr. Mertens has no substance in fact? Is the hon. Gentleman aware that the British delegate drew attention to a breach of faith?

Mr. BETTERTON: I think the statement made by Mr. Mertens does not give a fair representation of the fact. It is perfectly simple. There is no mystery about it. What happened was that one of the parties to the London Conference asked that the fact that a list of continuous processes was being drawn up by the different countries should not be mentioned, and the reason that country did not wish it to be mentioned was because her representative thought it might prejudice him in legislation that was about to be produced. I have no objection to mentioning the country. It was Germany, and it is in deference to the request of Germany that we did not put it in the actual Agreement.

Mr. OLIVER: Then, in substance, it is correct that there is a secret Clause in the London Agreement?

Mr. BETTERTON: No, there is no secret Clause whatever in the London Agreement. There was a verbal understanding to the effect that the fact that this list was being prepared should not be put into the Agreement itself.

Mr. WALLHEAD: Does the alleged breach of confidence refer to Germany?

Mr. BETTERTON: I think that is putting it rather too high. The country in question was Germany, and it was in deference to a request by Germany that it was not put in the terms of the Agreement itself, for the reason that the representative of Germany thought it might have the very opposite effect from what

[Mr. Betterton.]

I am sure the hon. Member desires, and would make it more difficult for him in framing legislation he was about to present to the Reichstag.

SUGAR-REFINING INDUSTRY.

60. Mr. PALING asked the Minister of Labour the number of persons employed in the sugar-refining industry in this country during each of the years from 1922 to 1926, inclusive?

Mr. BETTERTON: I regret to say that separate figures for the sugar-refining industry were not available, this industry being combined with others to form the group "Other Food Industries."

BUSINESS OF THE HOUSE.

Mr. CLYNES: Can the Prime Minister state what Orders are to be taken to-night

after the Coal Debate is concluded, and also announce the business for Thursday and Friday?

The PRIME MINISTER: With regard to Friday's business, I hope to make an announcement to-morrow.

On Thursday, the Home Office Vote will be considered in Committee of Supply.

To-day we hope to take Crown Lands (No. 2) (Recommitted) Bill, Consideration of the Police (Appeals) Bill and the Report stage of Navy and Army Expenditure, the Committee stage of which was taken last night.

Motion made, and Question put,

"That this day, notwithstanding anything in Standing Order No. 15, Business other than Business of Supply may be taken before Eleven of the Clock, and that the Proceedings on other Government Business be exempted at this day's Sitting from the provisions of the Standing Order (Sittings of the House)."—(*The Prime Minister.*)

The House divided: Ayes, 231; Noes, 117.

Division No. 259.]

AYES.

[3.47 p.m.]

Acland-Troyte, Lieut.-Colonel
Agg-Gardner, Rt. Hon. Sir James T.
Ainsworth, Major Charles
Albery, Irving James
Alexander, E. E. (Leyton)
Allen, J. Sandeman (L'pool, W. Derby)
Apsley, Lord
Ashley, Lt.-Col. Rt. Hon. Wilfrid W.
Astbury, Lieut.-Commander F. W.
Astor, Maj. Hn. John J. (Kent, Dover)
Baldwin, Rt. Hon. Stanley
Bainiel, Lord
Barclay-Harvey, C. M.
Beamish, Rear-Admiral T. P. H.
Bellairs, Commander Carlyon W.
Bennett, A. J.
Bentinck, Lord Henry Cavendish-
Betterton, Henry B.
Bird, E. R. (Yorks, W. R., Skipton)
Blundell, F. N.
Boothby, R. J. G.
Bourne, Captain Robert Croft
Bowater, Col. Sir T. Vansittart
Bowyer, Captain G. E. W.
Brittain, Sir Harry
Brooksbank, C. E. R.
Brooke, Brigadier-General C. R. I.
Brown-Lindsay, Major H.
Brown, Col. D. C. (N'th'd., Hexham)
Brown, Brig.-Gen. H. C. (Berks, Newb'y)
Bull, Rt. Hon. Sir William James
Bullock, Captain M.
Burman, J. B.
Burton, Colonel H. W.
Butler, Sir Geoffrey
Cadogan, Major Hon. Edward
Calne, Gordon Hall
Carver, Major W. H.
Cautley, Sir Henry S.
Cazalet, Captain Victor A.
Chadwick, Sir Robert Burton
Charteris, Brigadier-General J.
Christie, J. A.
Churchill, Rt. Hon. Winston Spencer
Churchman, Sir Arthur C.

Clayton, G. C.
Cobb, Sir Cyril
Cochrane, Commander Hon. A. D.
Cockerill, Brig.-General Sir George
Cohen, Major J. Brunel
Cooper, A. Duff
Cope, Major William
Craig, Sir Ernest (Chester, Crews)
Crooke, J. Smedley (Deritend)
Crookshank, Col. C. de W. (Berwick)
Cunliffe, Sir Herbert
Curzon, Captain Viscount
Davies, Sir Thomas (Gloucester)
Davies, Dr. Vernon
Davison, Sir W. H. (Kensington, S.)
Dixey, A. C.
Draze, C.
Eden, Captain Anthony
Edmondson, Major A. J.
Edwards, J. Hugh (Accrington)
Ellis, R. G.
England, Colonel A.
Erskine, Lord (Somerset, Weston-s-M.)
Evans, Captain A. (Cardiff, South)
Everard, W. Lindsay
Fairfax, Captain J. G.
Falle, Sir Bertram G.
Fanshawe, Captain G. D.
Forestier-Walker, Sir L.
Forrest, W.
Foster, Sir Harry S.
Foxcroft, Captain C. T.
Fraser, Captain Ian
Frece, Sir Walter de
Gadie, Lieut.-Col. Anthony
Ganzoni, Sir John
Gates, Percy
Gault, Lieut.-Col. Andrew Hamilton
Gibbs, Col. Rt. Hon. George Abraham
Glyn, Major R. G. C.
Goff, Sir Park
Grace, John
Grattan-Doyle, Sir N.
Gretton, Colonel Rt. Hon. John
Grobian, H. Brant.

Gunston, Captain D. W.
Hacking, Captain Douglas H.
Hall, Lieut.-Col. Sir F. (Dulwich)
Hammersley, S. S.
Hanbury, C.
Harland, A.
Hartington, Marquess of
Harvey, G. (Lambeth, Kennington)
Harvey, Major S. E. (Devon, Totnes)
Haslam, Henry C.
Headlam, Lieut.-Colonel C. M.
Henderson, Capt. R. R. (Oxf'd, Henley)
Henderson, Lt.-Col. Sir V. L. (Bootle)
Hills, Major John Walter
Hilton, Cecil
Hoare, Lt.-Col. Rt. Hon. Sir S. J. G.
Hogg, Rt. Hon. Sir D. (St. Marylebone)
Holbrook, Sir Arthur Richard
Hope, Capt. A. O. J. (Warw'k, Nun.)
Hope, Sir Harry (Forfar)
Hopkins, J. W. W.
Hopkinson, A. (Lancaster, Mossley)
Howard-Bury, Lieut.-Colonel C. K.
Hudson, Capt. A. U. M. (Hackney, N.)
Hudson, R. S. (Cumberl'nd, Whiteh'n)
Hume, Sir G. H.
Huntingfield, Lord
Hurst, Gerald B.
Inskip, Sir Thomas Walker H.
Jackson, Sir H. (Wandsworth, Cen'l)
Jacob, A. E.
James, Lieut.-Colonel Hon. Cuthbert
Jephcott, A. R.
Kennedy, A. R. (Preston)
Kidd, J. (Linlithgow)
King, Commodore Henry Douglas
Kinloch-Cooke, Sir Clement
Knox, Sir Alfred
Lamb, J. O.
Lane Fox, Col. Rt. Hon. George R.
Lister, Cunliffe, Rt. Hon. Sir Philip
Lloyd, Cyril E. (Dudley)
Locker-Lampson, G. (Wood Green)
Loder, J. de V.
Long, Major Eric

Lougher, Lewis
 Lowe, Sir Francis William
 Lucas-Tooth, Sir Hugh Vere
 Luce, Major-Gen. Sir Richard Harman
 Lumley, L. R.
 MacAndrew, Major Charles Glen
 Macdonald, Capt. P. D. (I. of W.)
 Macdonald, R. (Glasgow, Cathcart)
 MacIntyre, I.
 McLean, Major A.
 McNeill, Rt. Hon. Ronald John
 Macquisten, F. A.
 MacRobert, Alexander M.
 Makins, Brigadier-General E.
 Malone, Major P. B.
 Manningham-Buller, Sir Mervyn
 Margesson, Captain D.
 Marriot, Sir J. A. R.
 Mitchell, Sir W. Lane (Streatham)
 Monsell, Eyres, Com. Rt. Hon. B. M.
 Moore, Lieut.-Colonel T. C. R. (Ayr)
 Moore, Sir Newton J.
 Moore-Brabazon, Lieut.-Col. J. T. C.
 Morrison, H. (Wilts, Salisbury)
 Morrison-Bell, Sir Arthur Clive
 Nall, Colonel Sir Joseph
 Nelson, Sir Frank
 Newman, Sir R. H. S. D. L. (Exeter)
 Nicholson, O. (Westminster)
 Nicholson, Col. Rt. Hon. W. G. (Prest'ld.)
 Nield, Rt. Hon. Sir Herbert
 Nuttall, Ellis
 Oakley, T.

Oman, Sir Charles William C.
 Ormsby-Gore, Rt. Hon. William
 Perkins, Colonel E. K.
 Peto, Sir Basil E. (Devon, Barnstaple)
 Peto, G. (Somerset, Frome)
 Philipson, Mabel
 Pownall, Sir Assheton
 Price, Major C. W. M.
 Raine, Sir Walter
 Ramsden, E.
 Rawson, Sir Cooper
 Remer, J. R.
 Remnant, Sir James
 Rhys, Hon. C. A. U.
 Rice, Sir Frederick
 Roberts, Sir Samuel (Hereford)
 Ropner, Major L.
 Russell, Alexander West (Tynemouth)
 Rye, F. G.
 Salmon, Major I.
 Sandeman, N. Stewart
 Sandon, Lord
 Savery, S. S.
 Sheffield, Sir Berkeley
 Skelton, A. N.
 Smith, R. W. (Aber'd'n & Kinc'dine, C.)
 Smith-Carlington, Neville W.
 Smithers, Waldron
 Somerville, A. A. (Windsor)
 Spender-Clay, Colonel H.
 Sprot, Sir Alexander
 Stanley, Lieut.-Colonel Rt. Hon. G. F.
 Steel, Major Samuel Strang

Stuart, Crichton, Lord C.
 Styles, Captain H. Walter
 Sueter, Rear-Admiral Murray Fraser
 Thom, Lt.-Col. J. G. (Dumbarton)
 Thompson, Luke (Sunderland)
 Thomson, F. C. (Aberdeen, South)
 Thomson, Rt. Hon. Sir W. Mitchell
 Titchfield, Major the Marquess of
 Tryon, Rt. Hon. George Clement
 Waddington, R.
 Wallace, Captain D. E.
 Ward, Lt.-Col. A. L. (Kingston-on-Hull)
 Warner, Brigadier-General W. W.
 Warrender, Sir Victor
 Waterhouse, Captain Charles
 Watson, Sir F. (Pudsey and Otley)
 Watts, Dr. T.
 Wheler, Major Sir Granville C. H.
 White, Lieut.-Col. Sir G. Dalrymple
 Williams, Com. C. (Devon, Torquay)
 Wilson, Sir C. H. (Leeds, Central)
 Wilson, R. R. (Stafford, Lichfield)
 Windsor-Clive, Lieut.-Colonel George
 Wise, Sir Fredric
 Withers, John James
 Womersley, W. J.
 Wood, Sir Kingsley (Woolwich, W.)
 Wood, Sir S. Hill- (High Peak)
 Worthington-Evans, Rt. Hon. Sir L.
 Yerburch, Major Robert D. T.

TELLERS FOR THE AYES.—
 Major Sir George Hennessy and Mr.
 Penny.

NOES.

Adamson, Rt. Hon. W. (Fife, West)
 Adamson, W. M. (Staff., Cannock)
 Alexander, A. V. (Sheffield, Hillsbro')
 Attlee, Clement Richard
 Baker, J. (Wolverhampton, Bilston)
 Baker, Walter
 Barker, G. (Monmouth, Abertillery)
 Batey, Joseph
 Bondfield, Margaret
 Brown, Ernest (Leith)
 Buchanan, G.
 Clynes, Rt. Hon. John R.
 Compton, Joseph
 Cove, W. G.
 Cowan, D. M. (Scottish Universities)
 Dalton, Hugh
 Davies, Rhys John (Westhoughton)
 Day, Colonel Harry
 Dennison, R.
 Duncan, C.
 Dunnico, H.
 Garro-Jones, Captain G. M.
 Gibbins, Joseph
 Gillett, George M.
 Gosling, Harry
 Graham, D. M. (Lanark, Hamilton)
 Greenall, T.
 Greenwood, A. (Nelson and Colne)
 Grenfell, D. R. (Glamorgan)
 Griffiths, T. (Monmouth, Pontypool)
 Grundy, T. W.
 Hall, F. (York, W. R., Normanton)
 Hall, G. H. (Merthyr Tydvil)
 Hamilton, Sir R. (Orkney & Shetland)
 Hardie, George D.
 Hartshorn, Rt. Hon. Vernon
 Hayday, Arthur
 Hayes, John Henry
 Henderson, Rt. Hon. A. (Burnley)
 Henderson, T. (Glasgow)

Hirst, G. H.
 Hore-Bellisha, Leslie
 Hudson, J. H. (Huddersfield)
 Hutchison, Sir Robert (Montrose)
 John, William (Rhondda, West)
 Johnston, Thomas (Dundee)
 Jones, Henry Haydn (Merioneth)
 Jones, Morgan (Caerphilly)
 Kelly, W. T.
 Kennedy, T.
 Kenworthy, Lt.-Com. Hon. Joseph M.
 Kirkwood, D.
 Lansbury, George
 Lawrence, Susan
 Lawson, John James
 Lee, F.
 Lindley, F. W.
 Lowth, T.
 Lunn, William
 MacDonald, Rt. Hon. J. R. (Aberavon)
 Mackinder, W.
 Maxton, James
 Montague, Frederick
 Morris, R. H.
 Morrison, R. C. (Tottenham, N.)
 Mosley, Oswald
 Murnin, H.
 Oliver, George Harold
 Palin, John Henry
 Palling, W.
 Pethick-Lawrence, F. W.
 Ponsonby, Arthur
 Potts, John S.
 Richardson, R. (Houghton-le-Spring)
 Riley, Ben
 Ritson, J.
 Roberts, Rt. Hon. F. O. (W. Bromwich)
 Robinson, W. C. (Yorks, W. R., Elland)
 Rose, Frank H.
 Salter, Dr. Alfred

Scurr, John
 Sexton, James
 Shepherd, Arthur Lewis
 Shiels, Dr. Drummond
 Simon, Rt. Hon. Sir John
 Sinclair, Major Sir A. (Caithness)
 Slessor, Sir Henry H.
 Smith, Ben (Bermondsey, Rotherhithe)
 Snell, Harry
 Snowden, Rt. Hon. Philip
 Spoor, Rt. Hon. Benjamin Charles
 Stephen, Campbell
 Stewart, J. (St. Rollox)
 Sullivan, Joseph
 Sutton, J. E.
 Thomas, Sir Robert John (Anglesey)
 Thomson, Trevelyan (Middlesbro, W.)
 Thurtle, Ernest
 Tinker, John Joseph
 Trevelyan, Rt. Hon. C. P.
 Varley, Frank B.
 Viant, S. P.
 Wallhead, Richard C.
 Walsh, Rt. Hon. Stephen
 Watson, W. M. (Dunfermline)
 Watts-Morgan, Lt.-Col. D. (Rhondda)
 Webb, Rt. Hon. Sidney
 Wedgwood, Rt. Hon. Josiah
 Wellock, Wilfred
 Westwood, J.
 Whiteley, W.
 Wilkinson, Ellen C.
 Williams, David (Swansea, East)
 Williams, T. (York, Don Valley)
 Wilson, C. H. (Sheffield, Attercliffe)
 Wilson, R. J. (Jarrow)
 Wright, W.

TELLERS FOR THE NOES.—
 Mr. Allen Parkinson and Mr. A.
 Barnes.